



INTERNATIONAL INSTITUTE OF AGRICULTURE

BUREAU OF ECONOMIC AND SOCIAL INTELLIGENCE

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MONTHLY BULLETIN  
OF ECONOMIC AND SOCIAL  
INTELLIGENCE • • • • •

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35<sup>th</sup> VOLUME • • • • •

IV<sup>th</sup> YEAR - NUMBER 11

• • • NOVEMBER 1913

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# CONTENTS.

## PART I: CO-OPERATION AND ASSOCIATION.

### AUSTRIA.

SCCILLANEUS NEWS . . . . .	Page
1. Fourth Conference of the Presidents of the Provincial Boards of Agriculture and the Agricultural Societies, page 1. — 2. Agricultural Co-operation and Rural Welfare, page 3. — 3. General Austrian Co-operative Society for the Sale of Livestock, page 4. — 4. A New Agency for the Sale of Agricultural Produce in Vienna, page 6.	

### BELGIUM.

THE WORK OF THE "BOERENBOND" (PEASANTS' LEAGUE) IN 1912 . . . . .	Page	9
§ 1. Associations Affiliated to the Boerenbond, and Services of General Character, page 10. — § 2. The Central Departments of the Boerenbond, page 12. — § 3. The Central Credit Bank, page 14. — § 4. The Inspection of the Affiliated Societies, page 17.		
— PUBLICATIONS OF RECENT DATE ON CO-OPERATION AND ASSOCIATION IN BELGIUM . . . . .	Page	18

### SPAIN.

SCCILLANEUS NEWS . . . . .	Page	11
1. Sixteenth Congress of the Agricultural Federation of Catalonia and the Balearic Islands, page 19. — 2. The "Olive Branch" Agricultural Syndicate, page 20.		

### FRANCE.

VENTH NATIONAL CONGRESS OF AGRICULTURAL MUTUALITY AND CO-OPERATION . . . . .	Page	21
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## ITALY.

- ITALIAN COLLECTIVE FARMS, ESPECIALLY LABOURERS' COLLECTIVE FARMS, by Professor A. SERPIERI and Dr. G. MAMI (*Continued and Concluded*). . . . . Page  
 Chapter II. Notes and Information respecting Labourers' Collective Farms, page 38.  
 § 1. General Notes and Statistics, page 29. — § 2. Collective Farms in the Province of Reggio, page 39. — § 3. The Collective Farms of the Province of Ravenna, page 42. — § 4. Collective Farms in the Province of Bologna, page 46. — § 5. Collective Farms in the Province of Mantua, page 49.

## PART II: INSURANCE.

## BELGIUM.

- THE WORK OF THE "INSURANCE DEPARTMENT" OF THE BOERENBOND (PEASANTS' LEAGUE), in 1912 . . . . . Page  
 § 1. Fire Insurance, page 53. — § 2. Livestock Insurance, page 55. — § 3. Hall Insurance, page 56. — § 4. Life Insurance, page 56.

## SWITZERLAND.

- APPLICATION OF THE FEDERAL LAW OF JUNE 13th, 1911 ON SICKNESS INSURANCE Page  
 § 1. General Remarks on the Organization of the Sickness Insurance Societies, page 58. — § 2. Supplementary Subsidies for Mountain Regions, page 60. — § 3. The Relations between the Insurance Societies and the Doctors, page 62.

## PART III: CREDIT.

## GERMANY.

1. — WORK OF THE EAST PRUSSIAN LANDSCHAFT FROM 1788 TO 1913 . . . . . Page  
 2. — THE FOUNDATION OF AN AGRICULTURAL BANK FOR GERMAN SOUTH WEST AFRICA . . . . . Page

## SWEDEN.

- AGRICULTURAL CREDIT IN SWEDEN, by H. JUHLIN DANNFELT, *Secretary to the Royal Academy of Agriculture* . . . . . Page  
 § 1. The Conditions of Swedish Agriculture, page 79. — § 2. Historical Sketch of the Development of the Organization of Land Credit, page 80. — § 3. The General Mortgage Bank. Its Organization and Work, page 81. — § 4. Agricultural Credit in Sweden, page 84. — § 5. Real Estate Rights. Land Books and Land Registers, page 85.

## CONTENTS

v

### SWITZERLAND.

INGS IN SWITZERLAND AND THE MOVEMENT FOR THE INSTITUTION OF POSTAL SAVINGS BANKS . . . . .	Page 88
§ 1. Organization and Work of the Savings Banks according to the Official Enquiry of 1908, page 89. — § 2. Savings Banks, page 92. — § 3. Savings Societies, page 98. — § 4. Movement in Favour of the Foundation of Postal Savings Banks, page 99.	

### PART IV: MISCELLANEOUS.

#### UNITED STATES.

RURAL SURVEYS IN NEW YORK, MARYLAND AND TENNESSEE . . . . .	Page 103
Introduction, page 105. — § 1. The Selected Counties and the Methods Employed in the Surveys, page 106. — § 2. The Results of the Survey in New York State, page 108. — § 3. The Survey in Maryland, page 113. — § 4. Rural Conditions in Tennessee, page 114.	

#### RUSSIA.

GENERAL OUTLINES OF THE NEW RUSSIAN LAND REFORMS (Part I) . . . . .	Page 119
§ 1. Historical Introduction, page 121. — § 2. The Land Commissions and the New Laws on Land Reform, page 129.	



## Part I: Co-operation and Association

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### AUSTRIA.

#### MISCELLANEOUS NEWS.

I. — FOURTH CONFERENCE OF THE PRESIDENTS OF THE PROVINCIAL BOARDS OF AGRICULTURE AND THE AGRICULTURAL SOCIETIES. — The fourth conference of the Presidents of the Provincial Boards of Agriculture and the Agricultural Societies was held at Vienna on the 2nd. of last April at the office of the *K. K. Landwirtschaftsgesellschaft*. These conferences are a permanent institution. The first was held in Vienna in 1910, the initiative of the I. R. Society of Agriculture. They propose to deal collectively with the various current questions of general character and endeavor to settle them, in accordance with general principles, within the circle of their affiliated associations, or to found and prepare central offices and institutes. The Minister of Agriculture and several of the higher officials of the Agricultural Department took part in the Conference this year, as well as representatives of almost all the agricultural associations.

The discussion being opened, Prof. Häusler, the General Secretary, presented a report on the *Constitution and Co-operation of the Provincial Agricultural Bookkeeping Departments*, the arrangement on uniform principles and the preparation of the materials collected by them. In this connection he indicated the duties of the provincial offices and of the central office in which the data must be arranged precisely in several ways and utilised.

Dr. Dafert then presented a report on the means of preventing the contamination of water and damage due to dust and smoke. He proposed to urge the Government to take steps for the purpose and the proposition was accepted. Similarly a proposal made by Baron von Ehrenfels was accepted in accordance with which the Viennese Society of Agriculture was to arrange with the Departments to establish the means by which in questions connected with agriculture, the district authorities and the courts



*may choose as experts the persons proposed by the agricultural societies and the provincial councils of agriculture.*

The same speaker held that a law on cattle foods should be presented and proposed, after a detailed statement of his reasons, that the President Conference should invite the Government to lay before Parliament at an early date as possible a law on the trade in cattle foods. This proposal was unanimously accepted.

Prof. Häusler, the General Secretary, then read his report on the law in behalf of the emigrants in its relation to agriculture. Most of the emigration laws in other countries only aim at the protection of the emigrants. The Austrian emigration laws must, on the other hand, specially consider the requirements of agriculture. The Government bill to a large extent neglects this side of the problem. It is specially to be regretted that many very advisable provisions, contained in foreign laws, find no counterpart in the Austrian bill. The bill, generally, accepts the dogma of liberty of emigration instead of restricting it in a certain degree. On the proposal of the Speaker, it was decided to appoint a commission to deal with the question.

Dr. Ostermayer, who was charged to report on the subject, then showed the necessity of modifying certain provisions appearing among the conditions of hail insurance, and proposed the appointment of a commission to enter into relation with the syndicate of the insurance societies with a view to changing these conditions. The proposal was accepted.

Further, Baron von Ehrenfels, President of the Conference, communicated the conclusions presented by a Commission the preceding Conference had appointed to study the relations between the Agricultural Department and the agricultural corporations as well as the concession of subvention and the administrative work of the Department. He proposed the authorization of the transfer of fixed subventions granted for definite purpose in the case of transfer of a very small amount an agreement between the provincial authorities and the provincial commissions would be enough. In provinces where as yet no action has been taken in the matter a programme of action could be very rapidly prepared. To meet the temporary requirements of the agricultural associations, a special fund must be formed which should be at the disposal of the Department of Agriculture the accounts for which must be subject to further examination. Technical employees must be included among the staff of the Agricultural Department, and from among them should be chosen the persons to report to the Provincial Councils. The division of the duties of the Agricultural Department might still be made, as at present, in accordance with the various branches of agricultural economy, but a closer connection between the various services would be necessary.

Herr Povse, Deputy to the Reichsrat and President of the I. R. Catholic Society, made a proposal with regard to the necessity of regulating the agricultural education of young farmwomen. He proposed, in agreement with the Presidents Zuleger and List, to appoint lady teachers, holders of certificates in domestic economy, and the proposal was accepted.

Baron von Ehrenfels then read his report on the *recent bill presented to the House of Lords on the Reform of the Civil Code*. In agreement with his proposal, the conference declared itself opposed to the way in which the House of Lords formulated the paragraph dealing with the relations of vicinity and then decided to ask that the period necessary as guarantee, especially in the case of livestock, should be fixed in accordance with the Civil Code of the German Empire, as the trade in livestock between Austria and Germany is very active and the period in the case of Hungary will probably be fixed in accordance with the German Code.

Finally, the General Secretary, Prof. Häusler, reported on the *Formation of a General Austrian Society for the Sale of Livestock*. (See in this connection § 3 below).

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2. — AGRICULTURAL CO-OPERATION AND RURAL WELFARE. — At the meeting of the board of management of the General Federation of Austrian Agricultural Co-operative Societies, held on February 4th, 1913, Dr. Krek, Deputy to the Reichsrat, delivered a speech on the work of the agricultural co-operative societies in connection with the improvement of the conditions of life in the country. In conformity with his desires, the Board unanimously decided to invite the managing commission of the General Federation to devote more attention to this problem and to attempt its solution by means of the action of the co-operative societies. At the same time he also proposed to resort to different means of a practical nature; the sending out of a schedule of questions and propaganda by means of the co-operative press and the inspectors of the co-operative societies, in order to draw attention to the necessity of greater attention being given to rural welfare, preparation of education in bookkeeping for rural domestic economy and the foundation of an information office.

In accordance with these conclusions, the General Federation extended its action to the subject of rural welfare and the cult of the home. To obtain an idea of the state of the question, a schedule of enquiries has been prepared and distributed by the federations of co-operative societies affiliated to the General Federation. The schedule contains 21 questions, the answers to which will show the development of the institutions founded in the Austrian Monarchy for the purpose of promoting the economic, intellectual and moral welfare of the rural classes. The General Federation will arrange the replies received, and they will be published.

In order to disseminate ideas for the promotion of rural welfare, the "*Oesterreichische landwirtschaftliche Genossenschaftspresse*" constantly publishes articles for the gradual education of the communities concerned.

Preliminary steps have been taken for the foundation of an information office for all matters in connection with the promotion of rural welfare. This information office must not only serve for consultation, but it must also carry out works of scientific character. It must in particular arrange the answers filled in on the schedule of questions and see about their publication.

ation and defend the idea of rural welfare by means of other publications in various technical reviews as well as of lectures. Finally, the General Federation proposes in its next course of education in co-operation, which will again last several months and the object of which is to prepare employees for the co-operative societies, to institute a series of lectures on rural welfare.

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3. — GENERAL AUSTRIAN CO-OPERATIVE SOCIETY FOR THE SALE OF LIVE STOCK. — For some years the idea of selling their livestock collectively through the creation of intermediary organizations for the purpose, has been making its way in Austria among the farmers. A first step towards this end was taken by them in 1907, when the General Federation of Austrian Agricultural Co-operative Societies founded in Vienna the *Landwirtschaftliche Viehverwertungsstelle* (Agricultural Agency for the Sale of Livestock). This agency, in accordance with the orders received, sold the butchers' beasts forwarded to it by the farmers, in agreement with the central municipal office. In the course of the following years a great many large and powerful agencies for the sale of livestock arose, organised on the model of that at Vienna. Even co-operative societies for the sale of livestock were formed in certain provinces. Yet their organization could only proceed rapidly after the law of December 30th., 1909, which provided large funds for these undertakings, and after the foundation, in 1910, of the *Centrale für Viehverwertung* (Central Society for the Sale of Livestock), which undertook the work of organization on a large scale. Already from the time of the foundation of the agricultural agency for the sale of livestock, the minds of all were convinced that the organization of the sale must be systematically completed and that further the agency started by the General Federation must be replaced by an institution organized on commercial principles and possessed of large financial resources. In fact the agency being only a subdivision of the General Federation, it could not satisfy all the requirements that a great development of business demands of an undertaking of the kind; on the other hand, the *K. K. Landwirtschaftsgesellschaft* (I. R. Agricultural Society) of Vienna had already for a long time been attempting to found a livestock market in Vienna. The idea of realizing at one and the same time both these projects was carried into execution in the foundation of the *Allgemeine oesterreichische Viehverwertungsgesellschaft* (General Austrian Society for the Sale of Livestock) with its headquarters in Vienna.

The principal part in the foundation of this society was taken by those associations which had long concerned themselves with the sale of butchers' beasts in Vienna, the General Federations of Austrian Agricultural Co-operative Societies, the Provincial Board of Agriculture for Lower Austria, the Galician Society for the Sale of Livestock (*Galizische Viehverwertungsgesellschaft*) of Lemberg, the Society for the Sale of Livestock in Bukovina (*Bukowiner Viehverwertungsgesellschaft*) of Czernowitz, together with the

**General Deposit Bank (*Allgemeiner Depositenbank*).** The new society was formed on the fourth of January of this year as a limited liability society. The share capital amounting to 1,500,000 crowns is divided among 3,000 shares of a nominal value of 50 crowns. It may be raised, if necessary, to 1,000,000 crowns.

The Society, which began business on May 1st., has for its object the organization and the direct carrying out of the sale of livestock, and butchers' meat, as well as other animal produce and every thing necessary for the livestock improvers and the needs of the consumers.

The object is attained by the following means:

(a) By founding and working in Vienna a public livestock market, open to all concerned, producers and dealers. Similar markets will have to be founded in the various kingdoms and provinces of Austria, in accordance with the rights of the livestock markets of the various communes.

(b) By fixing prices and publishing bulletins on the progress of the markets worked by the society, founding and working a permanent information service by means of which the organizations for the sale of livestock and the producers (large agricultural undertakings or individual farmers) may always be kept informed of the price of livestock on the various markets.

(c) By buying and selling livestock both for third parties and for account of the society itself.

(d) By granting or procuring the necessary credit for purchase, fattening or sale of livestock.

(e) By forming or working new undertakings, taking part in such as already exist and are capable of advancing the trade in livestock, that is to say, undertakings for the cultivation and preservation of cattle food, for sterilisation of meat the consumption of which has been authorized under certain conditions, the utilization of waste products etc.

(f) By founding and managing undertakings for the utilisation of livestock of any kind, either by means of slaughter and the sale of the meat or by the transformation of the produce after slaughter.

(g) By taking the necessary measures to prevent loss through slaughter or in transport.

(h) By buying, hiring or directly working parcels of land and fattening livestock.

(i) By founding and working special banks for the livestock markets, or taking part in those already existing.

The General Austrian Society for the Sale of Livestock has, since the first of last May, taken over the business of the agricultural agency for the sale of livestock of the General Federation of the Austrian Agricultural Co-operative Societies. In co-operation with the institutes already formed and to be formed by the municipality of Vienna, it will make every effort to supply butchers' meat to the population, to obtain profitable sales of their produce for the livestock improvers, and in this way make it the interest of the latter to assure the regular supply of the market. Further, the Society will not fail to devote its special attention to the trade in meat in the many centres of consumption in the various provinces, attempting to ensure

there also the regularity of the trade in butchers' beasts between the town and the country. The General Society for the sale of livestock will further contribute, in concert with competent organizations, to the foundation of agencies for the sale of livestock, in addition to those already existing, in numerous centres of consumption. The society will also be in a position to take a direct part in the business of these agencies, so as to guarantee the producers the sale of their livestock and the butchers the supply of meat they require. The General Austrian Society for the Sale of Livestock will further attempt to establish the necessary relations between the improvers of various districts remote from each other, in periods of local dearth of fodder, so as to avoid the hasty sale of livestock. The Society will attempt, by making use of other organizations for the sale of livestock to distribute the animals among the various regions of the monarchy, according to their actual requirements; it will also try to protect and preserve the existing livestock. In case of need, the society will directly supply the regions where cattle food is growing scarce by purchasing it in the regions where it is abundant.

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4. — A NEW AGENCY FOR THE SALE OF AGRICULTURAL PRODUCE IN VIENNA — A new Agency for the Sale of Agricultural Produce was founded in Vienna on August 14th. of this year.—The Society was founded in consequence of the defects apparent in the Vienna market in recent years in connection with the supply of fruit and vegetables, including potatoes and cabbages, which have driven the majority of the producers from the market. This deplorable condition of the food supply led to the foundation, a few years ago, of the *Oesterreichische landwirtschaftliche Verkaufsvermittlungsgesellschaft* (Austrian Agency for the Sale of Agricultural Produce), a limited liability society which still exists. This society which acts as a private commission agency for the sale of fruit and vegetables, has, up to the present, helped to remove the defects of which we have already spoken, but its business is of small extent.

Only an undertaking on a much larger scale and possessing considerable funds can radically modify the conditions of the Vienna market. It was therefore necessary to found a large commercial business which, while having a sufficient quantity of goods at its disposal, would be able to sell at prices that would be found at once suitable by the consumers and advantageous for the producers.

It is a very important matter for the new society that it is to unite not only agricultural associations of producers (provincial boards of agriculture, agricultural societies, co-operative societies and their federations) the General Federation of Agricultural Co-operative Societies, the Provincial Commissions and individual farmers, but also, and especially the large landowners so that it will be able to count upon a sufficient number of large producers, which is absolutely necessary for its success.

addition to the associations of producers at present existing, quite a number of new co-operative producers' societies will have to be formed.

Finally, a Bank has even been authorized as a member of the society, the *K. K. privilegierte Oesterreichische Länderbank* (I. R. Austrian Privileged Bank) at Vienna, not only because the society requires large capital, but also in consideration of the large commercial custom a bank will obtain for it.

The previously existing society: the *Oesterreichische landwirtschaftliche Verkaufsvermittlung* will be liquidated. At the same time the new society will take over all its business and its customers, as well as its offices in the whole covered market of Vienna.

Its legal form will be that of a limited liability society. The share capital amounts to 190,000 crowns and is entirely paid up. In case of necessity, it will be possible, in accordance with a decision come to by the General Meeting, to call on the members for supplementary contributions up to the amount of a third of the share capital. The I. R. Minister of Agriculture has given material assistance to the society, granting it, under the form of a subvention, the amount necessary in order to take over the business of the *Oesterreichische landw. Verkaufsvermittlung*. Consequently, the rules recognize the right of the Agricultural Department to supervise the business of the society and to be represented with this object at the General Meetings and at the meeting of the Board of Supervision.

We may make the following observations with regard to the sphere of action of the new society. The *Oesterreich landw. Verkaufsvermittlung*, at present existing, limits its action generally to the sale of vegetables and fruit, and does a fairly large business, principally in fruit. On the other hand, the new society, which has chiefly in view the provisioning of Vienna and is trying to give the producers an opportunity for selling their produce, will considerably enlarge the field of its operations. It will begin concerning itself with the sale of vegetables and will give special attention to the trade in eggs, poultry and butter.

One of the principal tasks of the new society will be to keep the producers constantly informed of the requirements and the condition of the Viennese market and of the probabilities for the sale of their produce. It will further endeavor to assure the supply of the Viennese market, seeing at the same time to the good quality and to the sufficient supply of the articles, while engaging its suppliers to produce the quality in demand on the market and to supervise the sorting and packing of their produce. After which, the society may very well attempt its sale by auction in Vienna, a system which has already given excellent results in other large towns.

The society may also do very useful work for increasing the production by the promotion of agricultural education, the distribution of seeds and the grant of loans on the security of standing crops.

Altogether, the society will chiefly act as an intermediary. Yet it may also purchase for its own account at the places of production. It began its work on the fifteenth of September last.

The new society is officially styled: "*Oesterreichische Verkaufsgesellschaft für landwirtschaftliche Produkte, Gesellschaft mit beschränkter Haftung*" (Austrian Society for the Sale of Agricultural Produce, Ltd). The headquarters of the society are in Vienna, but it has the right to establish branches in other places. Its object, as recognised in its Rules, is the sale of agricultural produce as well as the improvement of the food supply on the market of Vienna and in other centres of consumption.

To obtain its manifold ends, it will have recourse to the following means:

- (1) the foundation of offices for the sale and storage of agricultural produce in Vienna and in other centres of consumption;
- (2) the sale, chiefly as representative or intermediary, of agricultural vegetables of every kind, potatoes, fruit, butter, cheese, eggs, poultry etc.
- (3) the preservation of the above produce or its subjection to other treatment, and the hire, purchase or installation of the necessary buildings for the purpose; the foundation of new undertakings or participation in those already existing;
- (4) the improvement and the increase of the agricultural produce by the foundation and organization of producers' associations, the assistance of such associations as well as of individual farmers, the diffusion among farmers of information in connection with the requirements of the agricultural market, in regard to the treatment, the sorting and packing of produce and the establishment of places for concentration of produce in the districts of production.

Not only organizations belonging to the society as members (federations of co-operative societies, provincial boards of agriculture, agricultural and horticultural societies etc....) but also all farmers, agricultural co-operative societies and other associations not members of it may send their produce to the society for it to sell. Besides, it may be expected that the number of members will increase in a very short time when the farmers are convinced that the action of the society is of real advantage to agriculture. The society, will contribute besides to the improvement of the market and of the food supply of the towns by the removal of a large proportion of the defects referred to above. Further it will render a more direct contact between producers and consumers possible.

## BELGIUM.

### 1. THE WORK OF THE "BOERENBOND" (PEASANT'S LEAGUE) IN 1912.

#### SOURCE:

BOERENBOND BELGE OU LIGUE DES PAYSANS: EXERCISE 1912. — (*Belgian Boerenbond* or *Peasants' League: Working Year 1912*). Condensed Report presented at the General Meeting of May 12th., 1913, by Canon E. Luytgaerens, S. Th. B., General Secretary, Louvain, 1913.

As our readers know, the *Boerenbond* is the most important organization of the Belgian Agricultural Co-operative movement. Founded in 1890 with its head quarters at Louvain, its mission is threefold; (1) the defence of the religious, moral and material interests of the peasants; (2) the improvement of agricultural legislation; (3) the corporative organization of agriculture.

Round it as a centre are grouped the *boerengilden*, or parochial associations of peasants, similar to the French syndicates and giving origin to various co-operative societies (societies for purchase and sale, rural banks, dairies, mutual insurance societies etc.) destined to obtain considerable advantages for the farmers.

For the accomplishment of its manifold tasks the *Boerenbond* is divided into several departments, namely: I. Farmwomen's League; II. Horticulturists' General Federation; III. Purchase and Sale Counting House; IV. Central Credit Bank; V. Inspection Department; VI. Insurance Department; VII. Department for Consultation, Lectures, etc.

The affiliated associations contribute one franc a year to the federal society, and this entitles them to receive the paper, *De Boer* (the Peasant), the organ of the League.

The *Boerenbond* is managed by a *Managing Committee* and a *Superior Council*. The first is composed of a president, a vice-president, 4 commissioners, a general secretary entrusted with the despatch of the current business of all the departments and a treasurer. The second consists of the



managing committee and the delegates of the affiliated *gildes*, representing the provinces.

In the various offices of the *Boerenbond* at the end of last year there were 101 employees. In 1903 there were only 12.

Let us now show the results of the work as given in the last report.

# § 1. ASSOCIATIONS AFFILIATED TO THE BOERENBOND, AND SERVICES OF GENERAL CHARACTER.

1. *Affiliated Associations.* — At the end of 1911, 532 *gildes* belonged to the *Boerenbond*; on December 31st., 1912, there were 560. At that date the number of members amounted to 50,614, representing an equal number of families. In the last nine years, the number increased as follows:

Years	Number of Members
1903. . . . .	21,812
1904. . . . .	23,634
1905. . . . .	31,586
1906. . . . .	35,190
1907. . . . .	38,949
1908. . . . .	41,701
1909. . . . .	43,169
1910. . . . .	44,522
1911. . . . .	46,899
1912. . . . .	50,614

In the above period, the number of members has therefore increased by 28,802.

Not entering into the details of the work of the affiliated association we shall confine ourselves to remarking that generally the work they undertake is increasing more and more, both in importance and in respect to the area affected, as is seen in the various monographs on the *boeren gilden*, published in the above mentioned report. Let us, however, give a few examples.

The *Agricultural Gilde of Elverdinghe*, working in a commune of West Flanders of that name, with 1,600 inhabitants, was founded in 1910, and has 93 members. It has founded, for their use a collective purchase department, which, in the course of the year 1912, received orders to the amount of 70,000 frs.; a rural bank, a co-operative dairy, a fire and agricultural accident insurance agency etc.

The *Kimroy. Agricultural Gilde* (Limbourg) has as members 171 out of the 1,200 inhabitants of the commune. It also has a collective purchase department, an insurance office, and a steam dairy, as well as a deposit and loan bank, which, during the year, received 71,169 frs. in deposits and granted 57,928 frs. in loans. The dairy began work in 1910, with 64 members. The following are the figures for the last working year; members, 182, owning 592 cows; milk consigned, 1,419,761 kgs., butter produced, 51,847 kgs.; gross receipts, frs. 163,496.53. The insurance department has 140 members and it has insured 530 head of livestock for 192,600 fr.

What the local correspondent of the *Boerenbond* writes with regard to the results obtained by this association is especially interesting: "In the economic field," he remarks, "the progress has been general since the foundation of the society (1906), especially among the small farmers, who can easily obtain the necessary means for the purchase of land, manure etc. . . from the Raiffeisen bank. Dairy cow improvement has made progress, thanks to the system of testing the amount of fatty substances contained in the milk; the cheese manufacture has been improved by means of the steam dairy; finally, the yield of the soil has been increased in consequence of the better quality of the seed used, as well as by manuring and the more scientific preparation of the fields and meadows."

In the intellectual field, continues the *Boerenbond* correspondent, the members have acquired a better opinion of themselves and a stronger attachment to their profession as farmers. At the same time, lectures, the reading of good newspapers, and the frequent interchange of views on various matters of rural economy have contributed to extend their professional education.

Appreciable progress has been made in the moral and religious field.

These examples enable us to understand the profound social action of the *agricultural gildes*, which, scattered over the whole territory of the State have become an integral part of the local life.

2. *The Superior Council of the Boerenbond and the Services of General Character.* — In addition to the ordinary questions of administrative character, the Superior Council has occupied itself, in its quarterly sessions, with various questions relating to agriculture, rural institutions and legislation. Among the matters dealt with in 1912, we may mention the cultivation of waste land, the increasing cost of living, the purchase of homesteads etc.

The consultation office, for gratuitous consultation, has done a good deal of work this year: it has had to answer more than a thousand legal questions. The correspondence work was no less; the different offices despatched altogether about 200,000 letters and cards. The various offices of the *Boerenbond* organized 540 lectures.

The holiday courses, founded for the technical educational of the managers, cashiers, and secretaries of rural organizations, likewise gave good results; the attendance was 125.

Among the institutions promoted by the *Boerenbond*, we must finally mention the *chaplains' clubs*. These are associations founded among the

priests, who are the spiritual directors of the rural *gildes* to permit of interchange of ideas between them and prepare them better for the mission entrusted to them. This mission consists essentially in the preservation of the "spirit of justice and Christian charity" within the *gildes* and departments. There are up to the present three clubs of the kind: one for the province of Antwerp with 86 members, one for Brabant (74 members) and one for West Flanders.

## § 2. THE CENTRAL DEPARTMENTS OF THE BOERENBOND.

As we have seen, the *Boerenbond* has seven principal departments, work and the objects of which are different. We shall pass them rapidly in review, devoting a special section, however, to the Central Credit Bank.

1. *Farmwomen's League*. — This league, the latest formed of the central departments of the *Boerenbond*, was founded on July 6th, 1911. On December 31st, 1912 it federated 67 farmwomen's clubs (21 on December 31st, 1911) with 7,371 members.

The affiliated clubs with the largest number of members are those of Berlaer (200), Blaesvelt (270) Bonheyden (175), Piette (170), Denderwind (202) etc.

They have up to the present occupied themselves with the professional education of the 17 members; with this object, they organise meetings at fixed dates, encourage lectures and practical lessons, and, where possible, found small libraries.

During the year, the League promoted 105 lectures on the most varied subjects (utility of women's associations, domestic economy, livestock improvement, cheesemaking, sanitation etc.).

But, as the report shows, no co-operative or mutual institution has been formed among its members.

2. *Horticulturists' General Federation*. — The Peasants' League started this Federation, now one of its departments, for the improvement of the horticultural industry, very extensively developed in the neighbourhood of large urban centres, by means of professional education, the study of markets and the organization of collective sales; the small farmers unite in local associations, forming departments of the rural *gildes* and the union of these constitutes the General Federation.

Founded on December 6th, 1910, it included, on December 31st, 1911, 67 horticulturists' associations. The lectures given for the education of members in the year with which we are dealing, amounted to 173; the value paid to rural establishments, commercial houses etc. to 242; the collection of sales of horticultural produce necessitated 1,530 shipments for an amount of 418,026.84 frs.

3. *Purchase and Sale Counting House*. — In 1912 this office bought on account of the purchase departments of the affiliated agricultural *gildes* and members:

(a) chemical manure : 32,398,253 kg. for 2,002,879.28 frs.

(b) cattle food : 38,617,462 kg. for 8,075,068.51 frs.

The following table shows the increase of the business done by the purchase department of the *Boerenbond*, in the last 15 years, in manure and cattle food.

*Development of the Boerenbond Purchase Business.*

Years	Manure		Cattle Food	
	Kg.	Fr.	Kg.	Fr.
898 . . . . .	12,717,465	657,889.09	6,154,738	857,583.17
899 . . . . .	13,091,785	804,506.10	6,723,615	890,389.90
900 . . . . .	13,500,555	730,761.51	6,559,418	1,111,168.62
901 . . . . .	16,866,983	879,449.97	8,657,241	1,465,104.98
902 . . . . .	16,853,464	957,473.09	11,675,131	1,967,098.55
903 . . . . .	21,179,028	1,001,300.19	16,873,417	2,625,790.33
904 . . . . .	23,526,051	1,086,307.02	21,129,235	3,305,562.74
905 . . . . .	25,621,752	1,237,302.98	21,265,744	3,634,559.23
906 . . . . .	28,545,853	1,447,950.37	25,028,384	4,279,518.68
907 . . . . .	29,533,602	1,612,257.22	30,751,583	5,404,864.85
908 . . . . .	28,349,043	1,759,475.61	34,126,072	6,430,717.47
909 . . . . .	28,370,089	1,732,034.21	34,224,780	6,616,931.38
910 . . . . .	30,643,874	1,733,371.78	33,530,065	6,308,209.97
911 . . . . .	30,042,440	1,721,775.65	36,672,392	7,193,433.10
912 . . . . .	32,398,253	2,002,779.28	38,617,462	8,075,068.51

(c) seeds : 207,380 kg. for 102,233.45 frs. The following figures show the amounts of seed purchased in the last ten years.

*Purchase of Seed.*

1900 . . . . .	39,896 kg.	frs	15,529.35
1905 . . . . .	53,048	» »	16,619.47
1910 . . . . .	274,817	» »	141,752.88
1911 . . . . .	181,054	» »	96,171.95
1912 . . . . .	207,380	» »	102,233.45

In 1912 the warehouse of the *Boerenbond* at Antwerp delivered 28,980,819 kgs. of cattle food and 4,230,233 kgs. of manure.

The Hasselt branch supplied 2,507,423 kgs. of cattle food and 1,410,799 of manure, for a total amount of 625,456.10 frs. (523,611.09 frs. in 1911).

(4) The agricultural machinery and dairy plant supplied in 1912 by the purchase warehouse were valued altogether at 81,864.94 frs.; the former amounting to 21,245.31 frs; the latter to 60,619.63 frs.

Altogether in 1912 the purchase and sale warehouse of the *Boerenbond* had to execute 7,904 commissions; its turnover was 21,701,528.58 and the total business done by it (outgoings and incomings) amounted to 62,446,081.42 frs.

*Co-operative Dairy Inspection Office.* — This office is attached to the Purchase and Sale Counting House: 120 dairies are affiliated to it (67 in 1906). It displays its activity in the organization of lectures and lessons, visiting the affiliated institutions, giving technical advice, and carrying out analyses of butter and milk in the special laboratory.

We shall now consider another department of the *Boerenbond*, the *Central Credit Bank*, separately, in view of its importance.

### § 3. THE CENTRAL CREDIT BANK.

1. *Affiliated local banks.* — In 1912, 30 new Raiffeisen banks became affiliated to the Central Bank of the *Boerenbond*, to which thus, at the end of the year, 363 out of the 738 existing in Belgium were affiliated. The following figures show the increase in the number of the federated banks since 1897, in relation to the total number in the kingdom. We give the figures below for periods of five years:

Years	Number of Banks in Belgium	Number of Banks Affiliated to the Central Bank
1897 . . . . .	159	95
1902 . . . . .	308	190
1907 . . . . .	540	265
1912 . . . . .	738	363

The provinces with the largest numbers of affiliated banks are Brabant (152), Antwerp (65) and Limbourg (65).

2. *Open Credit Accounts.* — In 1912, the Central *Boerenbond* Bank opened 25 credit accounts for the affiliated banks, for the total amount of 580,000 frs.

Between 1897 and 1912, 369 credit accounts had been opened for the affiliated banks for an amount of 3,297,400 frs.

On December 31st., 1912, the affiliated banks owed the Central Bank 149,691.09. frs.

3. *Capital of the Central Bank.* — On December 31st., 1912 the Bank had a capital of 6,537,000 frs. in 6,537 shares. This amount increases year by year, thanks to the provisions in the rules, and, in fact, for each amount of 1,000 frs. granted to an affiliated bank, the latter has to subscribe a 100 fr share in the Central Bank.

The following figures, for five years' periods, show the considerable increase in the capital of the society:

*Share Capital of the Central Bank.*

Years	Number of Shares Subscribed	Capital of the Society
1897 . . . . .	220	220,000
1902 . . . . .	1,123	1,123,000
1907 . . . . .	2,689	2,689,000
1912 . . . . .	6,537	6,537,000

4. *Turnover.* — The turnover for the year 1912 was 48,461,987.95 frs., that is, on an average more than 4,000,000 frs. per month.

5. *Savings deposits.* — On December 31st., 1912, the deposits in the central Bank consisted of 15,130,496.90 frs., deposited by affiliated banks, and 535,291.34 frs., deposited by private individuals. That is, altogether, more than 15,500,000 frs.

6. *Loans on Land.* — As we know, in 1904, the Central Bank, founded a *Land Credit Department* for farmers. The loans are granted both by the local banks (at 4  $\frac{1}{4}$  %) and the Central Bank (at 4  $\frac{1}{2}$  %); but the latter only lends directly to farmers residing in communes where there is no local bank.

The local banks obtain the funds they need for this service from the Central Bank, which advances the money to them at 4% per ann. It obtains itself by means of the issue of land bonds (of 100,200,500 and 1,000 frs. at 3.60 %) up to the amount of its mortgage credits.

The bonds are guaranteed: (a) by the capital and reserve fund of the Central Bank, which, on December 31st., 1912, exceeded 6,500,000 frs.; (b) by the mortgage credits of the Bank; (c) by the collective unlimited liability of the members of the Raiffeisen banks, for the loans made by them.

As for agricultural credit, the local banks must subscribe a share of 100 frs. for every 1,000 frs. borrowed.

The loans may not exceed  $\frac{2}{3}$  of the value of the capital and they are granted for a period varying from one to twenty nine years. They are repayable in half yearly or annual instalments, but repayment may be anticipated.

In 1912 through the medium of the local banks, the Central Bank granted 134 loans for a total amount of 689,000 frs., and 48 loans directly

or an amount of 401,200 frs., or altogether 182 loans for a total amount of 1,090,200 frs.

The largest amounts were distributed in the provinces of Antwerp (250,100 frs. and Brabant (426,600 frs.).

Since its foundation, the land credit department has lent the following amounts :

*Loans Granted by the Land Credit Department*

Years	Through the Medium of the Local Banks.		Directly		Total	
	Number	Amount	Number	Amount	Number	Amount
1904 . . . . .	21	71,600	15	77,800	36	149,400
1905 . . . . .	62	394,100	26	68,440	88	462,540
1906 . . . . .	37	149,500	48	226,840	85	376,340
1907 . . . . .	36	265,000	41	160,550	77	426,150
1908 . . . . .	45	205,000	38	204,520	83	409,520
1909 . . . . .	54	300,150	26	120,500	80	420,650
1910 . . . . .	96	351,995	40	207,550	136	559,245
1911 . . . . .	94	434,850	36	162,975	130	597,825
1912 . . . . .	134	689,000	48	401,200	182	1,090,200
Total. . .	579	2,861,595	318	1,630,375	897	4,491,870

The loans on mortgage may be classified as follows, according to the importance :

		Loans Granted through the Medium of the Local Banks	Direct Loans	Total
From frs.	1 to frs. 1,000	97	42	139
" " 1,001 " " 2,000		163	79	242
" " 2,001 " " 3,000		110	61	171
" " 3,001 " " 4,000		71	31	102
" " 4,001 " " 5,000		28	28	56
" " 5,001 " " 10,000		55	37	92
" " 10,001 " " 20,000		37	31	68
" " 20,001 " " 30,000		9	3	12
Above . . . . .	" 30,000	9	6	15
Total . . .		579	318	897

Most of the mortgage loans were granted for the purchase or building of houses, purchase of land or repayment of old debts.

7. *Work of the Affiliated Local Banks.* — We have said that at the end of 1911, the banks affiliated to the *Boerenbond* Central Bank were 333 in number. We have the following figures with regard to their work on December 31st., 1911. We have not the figures for 1912.

Number of Banks Affiliated on December 31st., 1911	333
Number of Members. . . . .	25,233
Amount Deposited between 1897 and December 31st., 1911 . . . . .	frs. 72,261,274.42
Deposits on December 31st., 1911 . . . . .	» 27,072,258.38
Amount of Loans between 1897 and December 31st., 1911 . . . . .	» 30,939,035.97
Loans not Repaid on December 31st., 1911 . . . . .	» 13,236,248.26

Comparing these data with those for previous years, which, for want of space we do not reproduce, we observe the continual progress made by the affiliated banks.

#### § 4. THE INSPECTION OF THE AFFILIATED SOCIETIES.

The Inspection Service, first of all a division of the Central Credit Bank, is now an independent department of the *Boerenbond*. The Raiffeisen Banks affiliated to the Central Bank, as well as the rural *gildes* and the purchase divisions requesting it, are subject to inspection by it.

In 1912, 466 inspections of rural banks were carried out; further, the office arranged for the delivery of 63 lectures on agricultural credit.

On December 31st., 1912, there were 127 agricultural *gildes* and purchase warehouses registered for inspection. During the year, 145 inspections were carried out, and 73 lectures delivered on technical matters.

Each institution subject to this inspection, is visited at least once a year by an inspector, who examines its management and its accounts.

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As we have said above, the *Boerenbond* has also an insurance department, for fire, livestock, hail and life insurance.

In the part of the Bulletin treating of insurance, we shall deal with the activity displayed by this important office.



## 2. PUBLICATIONS OF RECENT DATE ON CO-OPERATION AND ASSOCIATION IN BELGIUM.

### (a) PUBLICATIONS OF THE AGRICULTURAL ORGANIZATIONS:

- BOERENBOND BELGE OU LIGUE DES PAYSANS : EXERCICE 1912** (*Belgian Boerenbond or Peasant League. Working Year 1912*). Condensed Report presented at the General Meeting, May 12th., 1913, by Canon E. Luytgaerens, S. Th. B., General Secretary. Louvain, 1913.
- LES ASSOCIATIONS DE FERMIERES : (Farmwomen's Associations)**: Reports presented to the Second Section of the 3rd. International Congress of Farmwomen's Clubs, held at Ghent 1913. Brussels, "Comité National des Cercles de Fermières", 1913.
- LA PREMIÈRE MÈRE DE FAMILLE ET MÉNAGÈRE (The First Mother and Housekeeper)**: Report presented to the Third Section of the above Congress. Brussels, "Comité National des Fédérations des Cercles de Fermières", 1913.
- LE RÔLE PROFESSIONNEL DE LA FERMIERE (The Farmwoman's Professional Role)**: Reports presented to the Second Section of the above Congress. Brussels, "Comité National des Fédérations des Cercles de Fermières", 1913.

### (b) OTHER PUBLICATIONS:

- BARNICH (Dr. G.)**: La législation et l'organisation ouvrières en Belgique. Théorie et pratique (*Legislation and Labourers' Organization in Belgium. Practice and Theory*). Vol. I. Brussels, Em. Rossel, 1913.
- VAN DIEVOET (Emile)**: Le bail à ferme en Belgique. Le droit écrit et la coutume; le fait économique; les réformes nécessaires. (*Farm Rent in Belgium. The Written Law and Usage, the Economic Fact and the Necessary Reforms*). Preface by M. E. Vlieberg, Professor at University of Louvain, Member of the Superior Council of Agriculture. Louvain, Chat Peeters, 1913.
- VAN ELEWYCK (Ernest)**: La Banque Nationale de Belgique. Les théories et les faits (*National Bank of Belgium. Theories and Facts*). Vols I and II, Brussels, Falk, 1913.
- COMPTES RENDUS DU XIÈME CONGRÈS INTERNATIONAL D'AGRICULTURE**. Gand, 1913. Agriculture: Questions du jour (*Reports of the Xth. International Congress of Agriculture. Questions of the Day*). Brussels, General Secretariat of the XI International Congress of Agriculture, 1913.
- COMPTE RENDU DES OPÉRATIONS ET DE LA SITUATION DE LA CAISSE GÉNÉRALE D'ÉPARGNE DE RETRAITE**, instituée par la loi du Mars 1865, sous la garantie de l'Etat. (*Report of the Operations and the Situation of the General Savings and Pension Bank, founded by Law of March 16th., 1865, with State Guarantee*). 1912. Brussels, 1913.

## SPAIN.

### MISCELLANEOUS NEWS.

1. — SIXTEENTH CONGRESS OF THE AGRICULTURAL FEDERATION OF CATALONIA AND THE BALEARIC ISLANDS. — The sixteenth of the series of Congresses instituted in 1899 by the Agricultural Federation of Catalonia and the Balearic Islands met recently at Igualada (Barcelona).

By means of these congresses the Federation proposes to benefit the agriculture of the district in which it works, Catalonia and the Balearic Islands, through the study and discussion of the most important local problems in preparation for these meetings. The conclusions of the discussions, reduced to practice, have up to the present given excellent results.

The subject submitted to the Congress we are dealing with, which was of extraordinary importance for the region, was: "agricultural association". It is known that the rural population of Catalonia and the Balearic Islands, while intelligent and laborious, is excessively individualistic in character. This leads to an independence that is extremely dangerous, as it leaves agriculture at the mercy of the speculation of unscrupulous men, of usurers and the most unrestricted competition. Consequently, the Federation of Catalonia and the Balearic Islands thinks that nothing could be more serviceable to the agricultural interests of these regions than an action tending to the association of individual effort.

The matter was considered under three heads: (a) *agricultural association generally*; (b) *association based on mutual lines*; (c) *agricultural co-operation*; and excited animated discussion, as a result of which the following resolutions were passed:

(a) 1st., agricultural association must be encouraged and strengthened in all its forms: the land owner should be the first to promote it by doing his utmost to make his tenants, metayers (*aparceros*) and other persons dependent on him, directly or indirectly, unite in associations; the agricultural associations should especially make active propaganda to show the advantages of union and to develop the spirit of association; 2nd., the public authorities should encourage agricultural association by the loyal application of the letter and the spirit of the law on Agricultural Syndicates of January 28th., 1906, taking the necessary steps to develop the above form of association which will be of the greatest practical use when the associations enjoy a rightly understood independence.

(b) 1st., the association must be based on mutual trust and material liability; 2nd., the principal ends of the mutual association must be the consolidation of credit, the encouragement of loans and of savings; it may adopt the Raiffeisen, Luzzatti and Durand forms, on condition that there be joint liability; 3rd., *after* the association has *firmly* established credit, it must assist the other associations for the encouragement of agricultural progress (co-operative societies for production, syndicates of sale, livestock insurance societies etc.).

(c) 1st., the congress considers that the object of agricultural co-operation is to seek, with a view to the collective education of those concerned advantages, facilities and benefits for the improvements of agriculture, as well as the independence necessary for it, so that it may not have to struggle or incur risks like commerce or industry; 2nd., it is therefore advisable that this principle be given legal value, so that the work of rural co-operation may be clearly distinguished from that of commerce and industry 3rd., efforts must be made to prevent the agricultural associations being burdened by fiscal charges of commercial or industrial character and that the provisions in the law on agricultural syndicates of a general character that might interfere with co-operative action may be suppressed.

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2. — THE "OLIVE BRANCH" AGRICULTURAL SYNDICATE. — The benefit accorded by the law of January 28th., 1906 (1) have been profited by in the recent foundation of an agricultural syndicate under the name of the "Olive Branch", at Tortosa (Province of Tarragona).

In its essential aims, this association is really a co-operative credit society for the farmers and resembles the Prussian *Landschaften* in its character.

In view of the importance of institutions of this kind for the future of Spanish agriculture, we think it well briefly to consider its objects and organization.

1. *Objects and Resources.* — The syndicate may have for its object all the ends contemplated in the law, as they are authorized by the General Junta, but, up to the present, its first and principal object is, as indicated above, credit, whether on mortgage or personal, in accordance with § 7 of art. 1. of the above law (2). Members are not bound to take part in the operations of the society for other objects, but they may adhere voluntarily. They will thus form groups of sections with special regulations and special funds and liability independent of the general liability of the syndicate.

In order to obtain the funds necessary for the facilitation of credit to its members, the syndicate will issue mortgage bonds to bearer, the

(1) See *Bulletin of Economic and Social Intelligence*, May, 1913, p. 136.

(2) "7th., Foundation or encouragement of institutes or businesses for the grant of agricultural credit (personal, on pledge or on mortgage), either among members of the association itself, or by founding or assisting banks or deposit societies independent of it or by acting as intermediary between the credit establishments and its own members."

rate of interest on these bonds is now fixed at  $4\frac{1}{2}\%$  payable in quarterly instalments. They are guaranteed by the landed estates brought into the association, on which loans are granted to members. In the deeds relating to the association, the nominal amount of the mortgage bonds for which each member is liable must be shown, and this amount may never exceed half the market value assigned by the syndicate to the land.

Other resources of the syndicate are the dividends, utilised to attain some particular object, and the reserve fund.

2. *Business of the Society.* — Up to the present, as we have seen, the syndicate's business is limited to the supply of credit to agriculture.

The syndicate lends exclusively to its members; the amounts lent must be employed for one or more of the agricultural purposes indicated in the law on the Syndicates. If any member use them for other purposes, the Board of Management shall expel him from the society.

With regard to the regulation of this business, the rules lay down that credit in current account shall be opened to every member who has contributed land to the society, at present at  $5\frac{1}{2}\%$  interest, that is at  $1\%$  more than the rate paid on the bonds. The amount of this credit may not exceed half the market value assigned by the Board to the corresponding land. No single amount, either received by the member on account or repaid by him, may be less than 25 pesetas.

Personal credit may also be opened to metayers, tenant farmers, livestock improvers and agricultural labourers, members of the syndicate; in this case they must form a group or a section, with special rules, special funds and liability independent of that of the syndicate.

The members may deposit money with the syndicate, in current account at interest, at a rate corresponding with that the syndicate would have to pay if it borrowed from a bank. The Board of Management may, however, limit this right of its members, refusing for a time to accept deposits and even returning those made by its members, when it is unable to find suitable investment elsewhere for the amounts.

No member may deposit an amount in excess of the total credit opened to him.

Members who have contributed land to the association shall collect their rents and retain the entire management of the land, although under supervision of the Board, as long as they do not owe interest for more than a year and a half or an amount equal to the expenses in connection with the credit opened to them. Under such circumstances, the syndicate will undertake the management of the land for their account, until it has repaid itself the amount due.

In all debts or obligations they contract with regard to the land, the members have to recognise the syndicate's preference rights secured on the yield from the land contributed and the proceeds of its sale.

3. *Mortgage Bonds.* — In conformity with what has been said above, the syndicate will issue bonds on mortgage to cover the credits opened to its members in current account.

The issues will only be made as it becomes necessary through the opening of current accounts and they may never in all exceed half the market value of the land which serves as security. They will be extinguished at par, by means of drawings, when the Board judges fit.

We have already indicated that these bonds to bearer are specially secured by means of the contributions in land. In order that this security be not lost when a member withdraws all or part of his contribution when the deed of withdrawal is made out, a clause will be added to the effect that the corresponding mortgages cease to form an integral part of the capital constituted by the contributions of the syndicate member and they are no longer liable for the amount of the bonds in connection therewith. The deeds have no validity and no effect and cannot be entered in the register of land without this clause; they will also not be valid and cannot be registered, unless a certificate be attached that the amount required for the extinction of the bonds has been deposited in the *Banco de España*.

4. *Reserve Fund* — With the difference between the interest paid by the Syndicate to the holders of the bonds and that paid to it by its members on their credits, a reserve fund will be formed:

- (a) to meet any eventual risks of the society;
- (b) to reduce, by means of the interest on it, the rate on the loan to members.

Finally, the rules lay down that in no case may the profits be divided among members, even in case of dissolution of the syndicate for reasons foreseen or unforeseen. In such circumstances, the reserve fund or any other profits may be invested, after liquidation of the society, in any work for the advantage of agriculture, according as the General Junta shall decide.

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## FRANCE.

### NINTH NATIONAL CONGRESS OF AGRICULTURAL MUTUALITY AND CO-OPERATION.

The National Federation of Agricultural Mutuality and Co-operation, which the president is the Senator VIGER, formerly Minister of Agriculture, and to which all the principal credit and mutual insurance societies, and the majority of the syndicates and co-operative societies in France are affiliated, every year organizes a national congress, which forms the real annual court of assize of agricultural mutuality and co-operation.

In 1912 it was held in Paris in October; this year it has just been held at Clermont Ferrand from the 20th. to the 24th. of August.

M. CLÉMENTEL, Minister of Agriculture, presided at the opening, which was attended by MM. GOMOT and VIGER, former ministers, DECHARME, Minister at the Department of Agriculture and a very large number of senators and deputies and some foreign delegates. More than 1,200 members replied to the summons of the committee of organization, presided over by M. CHRISTOPHLE, President of the Regional Bank of Agricultural Credit of Puy-de-Dôme. The Minister thanked those present for having come in such large numbers to Auvergne and having consecrated all their intellect and their energies to the service of mutuality. He showed the importance of institutions of solidarity and announced the speedy proposal of a bill on national agricultural weather insurance, as well as of a bill for codifying the laws on agricultural mutuality, co-operation, credit and insurance. Finally, he expressed the hope that the law for protection against bovine tuberculosis might be soon passed; this law must cause the abandonment, and he, of the sterile system of assistance by means of compensations and must entrust the mutual livestock insurance societies, well managed, supervised and most largely subventioned, with the duty of resisting this terrible evil, which, by poisoning our children's food, decimates the rising generation from the cradle.

After some words in praise of MM. VIGER and GOMOT, M. CLÉMENTEL handed the post of president to the former, who has acquired, he said, so many titles to the gratitude of the agricultural world. M. CHRISTOPHLE, President of the Committee of Organization, showed the advantage of the Agricultural Credit system, especially remarking what had been done in Puy de Dôme; he expressed his gratitude to M. CLÉMENTEL and congratulated and thanked the members of the Congress.

M. VIGER also rendered homage to the Minister and spoke of the benefits of the agricultural credit system, "which is one of the titles of honour of the Third Republic."

M. CHATELAIN, President of the Regional Bank of Agricultural Credit of La Vendée, began the debate by presentation of a report on *the extension of the term of short term loans for purchase of agricultural material or stock as the security to be demanded*. He recalled to the minds of the audience the resolution passed last year, at the Congress of Paris after the debate on loans for purchase of livestock and he showed how the Regional Bank of La Vendée, in accordance with that resolution, had laid down rules for special loans for average periods for farmers and metayers in need of livestock. These regulations provide for loans of a maximum of 5,000 francs for the period of 5 years. The guarantee asked for is either the landholder's surety or an agricultural warrant, or a mortgage. The loans are represented by bills at six months' date, renewable on payment of an instalment. The total amount of business of this kind the Regional Bank of La Vendée can do must not exceed the fourth part of the short term risks.

He expressed the desire that, in the codification of the laws on agricultural mutual credit and co-operation, provision might be made for the loans for average periods and that every regional bank might make study for the initiation of a service of loans of this character to facilitate the constitution of stock for average sized farms.

After a most interesting debate, the following resolution, proposed by MM. DECKER-DAVID and VIGER in agreement with M. CHATELAIN, was unanimously approved:

"The National Congress advises the Regional Banks of the work done by the Regional Bank of La Vendée, and praises the steps taken by it with the view of facilitating the collection of the plant and stock necessary for farm work."

M. REUTER, Manager of the Regional Bank of Var, President of the Local Banks and of the Co-operative Wine Society of Saint-Tropez, then presented a report on *the inspection of the Local Banks by the Regional Banks*. The following resolutions proposed by him were adopted:

"In order that the Agricultural Credit business contemplated in the law of November 5th., 1894 may be conducted with security, the Congress is of opinion that the Regional Banks should:

1. Invite the Local Banks: (a) to invest all their share capital in shares in the Regional Bank to which they are affiliated; (b) only to make short term loans, bills for which they intend to keep in case, after consultation with the Regional Bank.
2. Organize their deposit business on the same lines as the Savings and other Banks;
3. Fix a limit to the portion of the deposits to be left at the disposal of the Local Banks."

The second sitting of the Congress commenced with a debate on a very important study on *hail insurance*, by M. VERMOREL, senator of Rhône, Vice-President of the Commission of French Agricultural Meteorology.

ex. He first of all examined the various means of combating hail in use to the present (shooting, niagaras etc.), in his opinion insufficient. People returning now, said he, more and more to mutuality, which is, according to M. Léopold Mabillean, "the safest and healthiest social force and the most serviceable for the country."

M. VERMOREL then attempted an estimate of the loss to French agriculture through hail, which he reckoned at between 100,000,000 and 200,000,000 frs. a year. He considered both the French and foreign systems of hail insurance, and supplied very interesting figures in relation to the results obtained. After examining the different bills for the foundation of a National Mutual Hail Insurance Institute for France, he ended by declaring himself in favour of a system with three degrees: local, departmental and national societies, founded by the National Federation and subventioned by the State.

M. DECHARME showed why, in his opinion and in that of M. CLEMENTEL, it is impossible to organise hail insurance by private initiative alone, and he indicated the main lines of the bill for national agricultural hail insurance drafted by the Minister of Agriculture.

A very important discussion took place with regard to compulsory insurance.

The Senators DECKER-DAVID, VERMOREL, COURRÉGELONGUE and a certain number of other members of the congress opposed the principle of compulsory insurance and spoke in favour of mutuality. M. NORMAND, formerly deputy and president of the Regional Bank of Rhône, briefly outlined a proposal for a modified form of compulsory insurance, leaving it to the municipal councils to decide whether the insurance should be made compulsory or not. M. DECHARME defended the bill the Department is preparing. Finally, on the proposal of M. VIGER, the question of compulsion was held over and the following resolution adopted:

"The Congress, considering

that hail insurance only offers the policy holders every security when applied over a large area, for the general application distributes the risks and equalises the losses;

that mutual insurance, on account of the smaller expense of management, is the most economic form of insurance;

that the system of mutual hail insurance must have, as its bases the national society uniting the policy holders and controlling the risks; as its centre, the departmental or regional society uniting and binding together the local societies and distributing a portion of the risks among all the policy holders of the department or region; and, as its crown, a national society coordinating the departmental or regional societies and dividing a portion of their risks among all the mutual policy holders of the country;

Expresses the desire:

1st. that under the auspices of the Department of Agriculture, a National Hail Reinsurance Society be founded;

2nd. that the mutuality service study and publish, as soon as they have been prepared, model rules for departmental and local mutual hail societies;



3rd. that as soon as the national hail reinsurance society is founded the Government encourage it by paying over to it the amounts now granted as subventions in case of disasters caused by hail."

M. RIVERAIN, President of the Farmers' Syndicate of Loir-et-Cher read a report on the *moral and social rôle of the agricultural syndicates*. Giving as an example what has been done by the syndicate of which he is president, he showed the beneficial influence the agricultural syndicate may exercise over the rural populations in a moral and social sense. He insisted especially on the part of farmwomen in the success of a farm and the services farmwomen's clubs may render.

DR. LE PAGE-VIGER, General Secretary of the Regional Bank of Loire and Treasurer of the National Federation, then presented a report on the *simplification of the formalities of legal dismortgaging and distraint of real estate in behalf of the Regional Agricultural Credit Banks for Loans on Long Term*.

After an exchange of observations between M.M. VIGER, CHRISTOPHE DESJACQUES etc., the following resolution, confirming one already voted at the General Meeting of the Federation was adopted:

"The Congress expresses the desire that the privileges granted to the Land Credit Institute with regard to the clearing of legal mortgages, distraint of real estate, payments before the order of the court and term of mortgage registration, may be extended to the Regional Agricultural Credit Societies for Long Term Loans granted in conformity with the law of March 19th, 1910.

The third day was given up to the discussion of the *agricultural syndicate associations*, already dealt with at the Congress of Paris.

M. VIMEUX, General Secretary of the National Federation, dealt with the *necessity of obtaining for the syndicate associations the funds required for their working through the medium of the Agricultural Credit Institute*.

M. SAUVANET, Agricultural Improvement Engineer, dealt with the *financial difficulties of the syndicate associations and the means for overcoming them*. After examining the three sorts of syndicate associations, voluntary, compulsory and authorized, M. VIMEUX, calculated, in accordance with the Bulletin of Agricultural Hydraulics, that 2,472 syndicate associations were subject to the régime anterior to 1865 and 1,469 benefited by that of January 15 1901. According to M. SAUVANET, between 1901 and 1910, 954 new syndicate associations were formed, 577 voluntary and 271 authorized under the law of 1865 and 1906 subject to the régime of the law of 1881 on rural syndicates. In the department of Puy de Dôme alone, in 1911 and 1912 102 syndicate associations were formed among 8,365 landowners, possessing 27,380 hectares, for work to be carried out to the amount of 1,242,000 francs.

After very ample discussion, the following vote was passed:

"The Congress expresses its desire:

1st. That the syndicate associations of a character exclusively agricultural (for drainage, irrigation, dyke construction, drying of marshes etc) be admitted by special legislation, to benefit by long term credit;

2nd That the agricultural credit service study the possibility of inserting in the bill for the codification of laws on agricultural mutuality a pro-

ion allowing the voluntary or authorized agricultural associations to obtain short term credit from the agricultural mutual credit banks.

3rd That the Land Credit Institute of France and the workmen's and peasants' pension funds may also lend to the authorized syndicate associations."

In the last sitting, M. LOUIS TARDY, Lecturer at the *Institut Agronomique*, Delegate to the Agricultural Service of the Musée Social, spoke on *Co-operative Societies for Collective Farming*.

He showed how there is an increasing tendency on the part of the communes and co-operative societies for production, transformation and sale to regulate certain farm work. There are now even co-operative teams and ploughing societies. He showed the results obtained by the horticultural and market gardening co-operative societies and the various attempts at co-operative collective farming that have been made in France.

Tardy further drew attention to the organization of the village co-operative society at TIRMAN in Algeria and that of the *mutual ploughing societies* of Algeria and Tunis. He finally dwelt on the importance and the organization of the collective farms of Roumania (*obste*) and Italy (*affittanze collettive*), specially mentioning Professor LORENZONI's study of those in Italy.

The following motion presented by M. VIGER was adopted after this speech:

"The Congress considers that co-operation in agriculture should be encouraged in all its forms, especially the collective cultivation of the soil."

The subject of mutual livestock insurance occupied the rest of the time of the Congress. Very interesting monographs had been composed by M. VASSE, Professor of Agriculture, on *Livestock Insurance in the Department of Aisne*;

M. TARDOS, General Secretary of the Mutual Livestock Federation of Gers, on *Livestock Insurance in the Department of Gers*;

M. ROBERT, Manager of the Agricultural Services of Meuse, on the *Meuse Livestock Reinsurance Society*;

M. NORMAND, on the *Federation of Livestock Insurance Societies of Rhône*, which he is president.

These various monographs showed the various systems of reinsurance used in France. M. GILLIN, Manager of the Agricultural Services of Puy de Dôme, summarised the principles of all the systems thus expounded and came to the following conclusions, which the congress approved, insisting specially on reinsurance properly so called and on protection against contagious cattle diseases and above all bovine tuberculosis and the improvement of cattle stalls and cattle hygiene;

"The seventh National Congress, considering the results obtained in the development of Mutual Livestock Insurance since the preceding congresses, the extension of communal mutual societies, the foundation of new departmental reinsurance societies, of a National Reinsurance Society of the

3rd Degree and the suppression of State subventions to mutual societies not reinsured ;

Considering the importance of the rôle to be played by mutual livestock societies in combating bovine tuberculosis (bill of December 19th, 1911) decides :

1st. to continue energetically founding societies of the 1st. and 2nd degree, until all the livestock (valued at more than 5,000,000,000 f) is insured in the first degree and reinsured in the second and third ;

2nd., to recommend all mutualists, General Councils, foundation members and managers of the mutual livestock societies to prepare immediately by means of the moral and technical education of the policy holders, the transformation of the societies for compensation or assistance, wrongly called Reinsurance Societies, into real reinsurance societies with premiums variable or graduated (on the model of those of Haute-Marne, Meuse, Gers, A Rhône etc.), in proportion to the risks covered ;

3rd., the Congress insists on the necessity of including in the rules of the local and departmental societies the methodic combating of bovine tuberculosis by means of inoculation of the insured animals and the participation of the three forms of mutual livestock societies, local, departmental and National, together with the State, in compensating for the slaughtering of animals suspected of being affected or actually affected with tuberculosis

4th., the congress expresses its desire that assistance for loss of livestock be suppressed and that the credit for this assistance be added to the credit subventions to mutual livestock societies of the 1st., 2nd and 3rd. degrees, constituted in conformity with the laws of March 21st., 1884 and July 4th. 1900

On the proposal of M. MAISONNEUVE, the Congress further adopts a resolution in favour of the *Institution of Chambers of Agriculture*. It also refers to the examination of the office of the National Federation other proposals made during the session, notably with regard to the *right of association of the agricultural syndicates*.

It was decided to hold the next congress at Perpignan in August, 1914

## ITALY.

### ITALIAN COLLECTIVE FARMS, ESPECIALLY LABOURERS' COLLECTIVE FARMS

by Professor A. SERPIERI and Doctor G. MAMI. (Continued and Concluded).

#### CHAPTER II.

##### FACTS AND INFORMATION RESPECTING LABOURERS' COLLECTIVE FARMS (1)

##### § I. GENERAL NOTES AND STATISTICS.

In the following table we give the list of these co-operative societies and some important data concerning them: (2)

(1) We should have liked to have made this chapter more complete. Though we have had neither time nor trouble, we have not succeeded. General information is easy to obtain, but when we try to examine thoroughly into the bookkeeping, which should give the most accurate evidence, then the mystery appears. Some may say, "What a bad thing!" Others, more experienced in rural economics, will say that in this respect the labourers' collective undertakings in no way differ from ordinary private businesses. We must be satisfied that some of our information is derived from the *Enquiry* into collective farms recently completed by the *National League of the Co-operative Societies*, soon to be published, which we refer our readers for fuller particulars.

(2) Our readers are requested to correct the following figures in the first part of this Bulletin, published in the September number of this Bulletin. On page 30 for the number of collective farms in the Province of Ravenna, read 38 instead of 24 and hence for the total number read 83 instead of 69.

TABLE I. — *Labourers' Collective Farms in Italy.*

Numerical Order	Kind of Co-operative Society	Province and Headquarters	Date of Foundation of Society	Date of Commencement of Agricultural Work	Number of Members	Share Capital (i)				Area Cultivated	
						Subscribed — fra.	Paid up — fra.	Reserve and Thrift Fund — fra.	Let —	In Possession —	(Hectares)
1	Agricultural Co-operative Society	Prov. of Reggio Emilia	1904	1904	78	10,680	5,635	6,212	71.4	—	—
2	Do do		1903	1903	728	17,472	16,465	14,021	227.4	—	—
3	Do do		1906	1906	232	13,920	6,254	19,707	216.6	—	—
4	Do do		1890	1903	359	35,875	28,520	12,148	206.2	—	—
5	Do do		1890	1908	69	10,350	3,115	—	91.0	—	—
6	Do do		1904	1904	365	14,600	9,933	11,646	139.0	—	—
7	Co-operative Society for the Improvement of the Condition of Labourers	Cavriago	1904	1904	145	5,400	3,445	—	117	—	—
8	Agricultural Co-operative Society		1910	1912	36	840	—	—	47	—	—
9	Do do Labour Society	Bibbiana	1908	1908	240	5,760	5,000	—	—	—	—
10	Intercommunal Agricultural Co-operative Society	Aiola	1905	1905	50	3,000	2,770	—	73	—	—
11	Agricultural Co-operative Society	Pieve	1911	1912	40	—	—	—	34	—	—
12	Do do	S. Vittoria	1911	1912	462	37,800	—	?	350(2)	—	—
13	Co-operative Society for Production and Distribution	Prov. of Parma Borso S. Donnino		1903	1,050	13,000	12,573	18,083	20.26	—	—



Municipal Order	Kind of Co-operative Society	Province and Headquarters	Date of Foundation of Co-operative Society	Date of Commencement of Agricultural Work	Number of Members	Share Capital			Area Cultivated	
						Subscribed	Paid up	Reserve and Thrift Fund	Let	In Possession
						fr.	fr.	fr.	(Hectare)	(Hectare)
33	Agricultural Co-operative Society	Boschi di Baricella . .	1907	1907	257	2,570	1,657	520	—	26
34	Do.	Baricella . . . . .	1907	1906	503	5,040	2,350	72	48.20	50.10
35	Do.	Malabergo . . . . .	1907	1906	314	3,140	3,131	12,860	128.96	—
36	Do.	Medina . . . . .	1907	1907	371	3,440	2,508	311	64.48	—
37	Do.	Molinella . . . . .	1905	1905	1,235	30,875	—	2,975	475	—
38	Do.	Panzano Rivoalto . .	1907	1908	150	1,500	—	—	30.07	9.05
39	Do.	Pegola Ponticelli . .	1906	1905	134	2,300	2,179	145	27.87	—
40	Do.	S. Pietro in Casa . .	1906	1904	695	6,950	6,600	30,679	146.64	—
41	Do.	S. Venanzio Galliera .	1906	1907	381	3,610	3,393	13,070	77.15	—
		<i>Prov. of Ferrara (3)</i>								
42	Do.	Argenta . . . . .	—	—	—	—	—	—	—	—
43	Do.	Argenta . . . . .	—	—	—	—	—	—	—	—
44	Do.	Bosco Mesola . . . .	1904	1909	390	18,192	18,192	—	20	—
45	Do.	Bondeno . . . . .	1905	1911	7,313	32,285	25,966	7,054	88	—
		<i>Prov. of Ravenna</i>								

			1904	1909	1909	225	3,375	3,375	10,000	85.42	—
53	Do.	Castiglione Cervia . . . . .	1909	1909	262	2,620	2,620	15,601	78.00	—	—
54	Labourers' Co-operative Society for Production . . . . .	S. Alberto . . . . .	1907	1908	183	4,575	4,575	10,157	88.84	—	—
55	Do.	Campiano . . . . .	1908	1909	78	1,560	1,560	1,840	69.02	—	—
56	Do.	S. Stefano . . . . .	1908	»	43	1,032	1,032	506	65.21	—	—
57	Do.	S. Bartolo . . . . .	1911	1911	83	830	830	—	—	90	—
58	Do.	S. Zaccaria . . . . .	1908	»	400	4,000	4,000	1,033	108	80	—
59	Do.	Mezzano . . . . .	1909	»	140	1,400	1,400	990	76	—	—
60	Do.	Piungipane . . . . .	1911	»	70	1,750	1,750	88	—	35	—
61	Do.	Savarna . . . . .	1909	»	117	1,170	1,170	—	23	83	—
62	Do.	Sobborge Garibaldi . . . . .	1910	»	78	550	550	40	—	—	—
63	Do.	» Fratti . . . . .	»	»	172	1,720	1,720	129	119	—	—
64	Do.	» Saffi . . . . .	1910	»	160	1,600	1,600	1,627	65	—	—
65	Do.	Castiglione Ravenna . . . . .	1911	»	96	960	960	—	15	50	—
66	Do.	Carraie . . . . .	1910	1911	53	2,040	1,823	86	104.90	—	—
67	New Labourers' Co-operative Society . . . . .	Ravenna . . . . .	1910	1913	618	14,802	3,057	5,644	136	—	—
68	Co-operative Agricultural Society . . . . .	Piungipane . . . . .	1912	1913	124	—	—	—	18.3	—	—
69	Do	Castiglione Ravenna . . . . .	1911	1912	140	1,400	1,393	590	6	—	—
70	Do	Gambellara . . . . .	1909	1913	55	1,860	1,816	—	36.1	—	—
71	Do	Gibullo . . . . .	1912	1913	86	—	—	—	36.1	—	—
72	Do	Savio . . . . .	1909	1911	89	1,740	1,740	82	19	—	—

(5) In the case of two collective farms of Ferrara (those of Argenta) we have been unable to obtain any particulars.

(6) In the Province of Ravenna there are sometimes in the same place two collective farms; this is due to differences between the socialist and republican parties: one of the farms generally being founded by the socialists, the other by the republicans.



Numerical Order	Kind of Co-operative Society	Province and Headquarters	Date of Foundation of Society	Date of Commencement of Agricultural Work	Number of Members	Share Capital			Area Cultivated	
						Subscribed — frs.	Paid up — frs.	Reserve and Thrift Fund — frs.	Let — (Hectares)	Is Perpetual — (Hectares)
73	Co-operative Agricultural Society.	S. Zaccaria . . . .	1909	1909	136	3,425	3,407	628	93	—
74	New Labourers' Co-operative Society . . . . .	Sobborgo Sassi . . .	1912	1913	250	—	—	—	36	—
75	Agricultural Labourers' Co-operative Society . . . . .	Canuzzo . . . . .	1911	1912	180	4,550	2,559	2,874	36	—
76	New Labourers' Co-operative Society . . . . .	Campiano . . . . .	1912	1913	250	—	—	—	13	—
77	Autonomous Co-oper. Federation.	Ravenna . . . . .	1912	1913	—	—	—	—	49	—
78	Agricultural Labourers' Co-operative Society . . . . .	S. Pietro in Vincoli .	1912	1913	99	—	—	—	13.60	—
79	Do . . . . .	Coccolia . . . . .	1912	1913	70	—	—	—	12.56	—
80	Do . . . . .	Massaducenia . . . .	1912	1913	102	—	—	—	13	—
81	Do . . . . .	S. Stefano . . . . .	1912	1913	120	—	—	—	15	—
82	Do . . . . .	S. Alberto . . . . .	1912	1913	205	—	—	—	6	—
83	Agricultural Society for Colonists and Labourers of the Province of Ravenna . . . . .	Prov. of Rome Castel-Frangolino . . .	1901	1906	123	17,400	17,300	26,806	495	—

The labourers' collective farms are constituted under the legal form of limited liability societies with unlimited capital, in accordance with the Commercial Code (1). Some were formed solely for agricultural work, others earlier date had other aims (some, more particularly in the provinces of Reggio and Mantua, being co-operative distributive societies; others, co-operative labour societies formed principally for the execution of public works, and specially found in the Province of Ravenna). This explains the difference frequently to be observed between the date of the formation of a society and that of the beginning of its agricultural work, though in some instances this difference was caused by the difficulty of finding land to cultivate.

As regards eligibility for membership, let us say that all labourers, whether male or female, who receive wages are admitted. In some societies or instance those of Reggio) small holders and *metayers* are also admitted, they receive wages during at least six months of the year. Members must reside in the commune or fraction in which the society is established.

At the start there was nothing in the rules limiting membership to those taking part in the organisation of resistance; although such limitation fully existed everywhere, as is easy to understand, when we consider the origin of these societies. Now the obligation of such participation is laid down in many cases in the rules, above all since two years ago the Tribunal of Bologna recognised its legality by approving rules thus drawn up.

No reasons exist against any one becoming a member except those laid down in the Civil Code.

Members always pay an entrance fee of one franc in the provinces of Reggio and Bologna and of two francs in those of Ravenna and Mantua. They are obliged to subscribe a specified number of shares, two in the Reggio societies, if the applicant be a man, one in the case of a woman. In the Province of Reggio on other collective farms, a share of six francs must be paid up annually during the existence of the society; in that of Mantua 15 shares of 10 francs each must be taken and in that of Ravenna five of like value.

The shares are not dear, ranging as they do from a minimum of 6 francs to a maximum of 40 francs (2). Sometimes immediate payment of the full amount must be made at the moment of admission. Usually, however, payment is made in weekly or monthly instalments. The portion of the annual profits due to members, but kept back from them till the end of the year is almost always paid by total or partial liberation of the shares subscribed by them. Frequently however, to cause a more rapid rise in the share capital, these profits are converted into new shares for the account of the members. The share capital, likewise, is also increased by

(1) The *Mantuan Leagues* for collective farming, numbers 24-29 in the table, form an exception.

(2) Only the S. Vittoria Agricultural Co-operative Society (in Reggio Emilia) has shares of 100 francs value.

annual contributions, not to be repaid, the amount of which is fixed in the rules. In the provinces of Bologna and Mantua, they amount to 3-5 % of wages or a fixed sum of 10, 15 or 25 francs per member.

This constant effort to increase the share capital is certainly praiseworthy, but it not unfrequently happens that the profits allow of no margin to be thus applied. And not rarely the want of discipline, or the little interest shown by the members hinders this very useful form of co-operative saving.

With regard to the compulsory resignation of a member, we may observe that besides the reasons common to all co-operative societies, there are sometimes found in these also the following: change of habitual residence to another fraction or commune, permanent inability for want of neglect of payment on shares, omission to register with the local resistance league and labour bureau, hire of other holdings for his own account, simultaneous membership in other similar societies etc.

A member has the right to appeal against his expulsion to the meeting or to the board of arbitrators. Generally, previous to expulsion of a member, the Board of Management warns or suspends him from the exercise of his rights for a fixed period. Only in exceptional cases, such as unavoidable unemployment, temporary inability to work and military service, can a member be dispensed from his ordinary and extraordinary contributions.

In case of the expulsion of a member, the amount he has paid on his shares is, after a fixed period of from six to twelve months, returned to him, without interest, less the amount for damages the society may have suffered, or it may be refunded to him at the dissolution of the society, also without interest, any fractions of the amount being placed to the reserve fund.

The principal duty of the members is that of working for the co-operative undertaking. Members may work on the land of outsiders, but serious difficulties arise from the exercise of this right. Efforts have been made to overcome these difficulties as we shall see in the following paragraphs.

All members, men and women alike, have the right of voting at the meeting, each person having legal right to one vote. The duties of the meeting are generally the following: to discuss and pass the accounts of the preceding financial year; to appoint officers, to deal with all the subjects placed on the agenda by the Board of Management at the request of the committee of supervision or of at least one third of the members.

What provision is made with regard to the division of profits and meeting losses?

Let us first say that the wages paid to the labourer members are generally in conformity with a tariff agreed to both by workers and employers. It is obvious that profits can seldom be high, but when they are, it is due to a specially favourable agricultural year. Often enough the accounts are closed with a loss. Let us also say that the reserves are divided among various funds for special objects. Besides the ordinary reserve fund

are usually other special thrift funds. In the societies of the Province of Bologna there is the "*fondo collettivo*" or co-operative fund for various objects, such as the acquisition of land and of rural capital, expenditure for agricultural education etc.

The profits then are divided thus: in the province of Reggio 20 to 30 % is placed to the reserve fund, 20 to 30 % to the thrift fund, 20 to 40 % is paid to members in proportion to the payments made on their shares, for acquisition of additional shares; and the balance to members and non-members according to the work performed by them for the society.

In the province of Bologna 20 % is placed to the reserve fund, from 20 to 30 % to the co-operative fund, 10 % to the thrift fund, the rest is paid to members in proportion to their payments on shares and for work done.

In the provinces of Ravenna and Mantua from 10 to 50 % is placed to the reserve fund, from 10 to 20 % to the thrift fund, 5 % paid to the shareholding members, and the balance to members and non-members in proportion to their wages.

In some of the societies from 3 to 5 % of the profits is paid to the members of the Board of Management.

To meet the losses, which are sometimes heavy, two methods are employed, either extraordinary contributions not to be repaid are levied on the members or the stoppages from the wages to members are increased from 5 % to 30 %.

This reduction of wages is possible, because during the year the societies pay their own labourer members either nothing or only from 50 to 60 % of their wages, the payment being completed at the close of the year in accordance with the results obtained. We must not, however, forget that there are usually heavy losses in the earlier years of a society owing frequently to the number of improvements undertaken; besides, a part of the wages kept back from the wages is repaid in successive years when the production has increased and expenditure diminished.

In case of the dissolution of a society, the share capital, according to the rules of most of the societies, will be divided amongst the members conformably with the regulations of the Civil Code.

We shall now speak of the general management and the salaries and wages of those employed. Here we may add that the management, though sometimes in the hands of the board of supervision, is in many of the societies conducted by means of federal bodies more or less complete. The societies in the province of Reggio are united under a provincial federation and the same is the case with those of Bologna and Ravenna. These federations, besides having charge of the technical and commercial departments, also help the societies with their bookkeeping and inspect their accounts. The federations of Reggio and Ravenna, which are the best, are managed by a scientific agriculturist and have an accountant in their office.

There are many obstacles in the way of almost all of these societies obtaining the necessary means for production: land and capital.

When we remember that they are fundamentally institutions for resistance, it is easy to understand that proprietors were little inclined to place their land at their disposal. In certain districts, as in the province of Bologna, it may be said that the societies obtained their object solely through their sound organization, which, by means of strikes and boycotting made it almost impossible for the proprietors to work their farms in any other way. Some co-operative societies could obtain no contracts without preceding conflict. Suffice it to say that the societies furnish the required guarantees by means of sureties or of payment of rent in advance; and the contracts referred to and owing to the competition of individuals the leases, the rent was often considerably raised. There were not want proprietors who, profiting by their situation, were willing to hand over their land to the co-operative societies. The societies sometimes attribute their want of success to the excessively high rents, an explanation which it is not always easy to discover the amount of truth.

But even greater was the difficulty in finding the necessary capital. It is enough to look at the tables to see the small amount the societies possess, often not enough to pay the security required by the proprietors and to consider the large extent of land, almost all under intensive cultivation, to understand that their enterprise must rest essentially on credit hence their existence is difficult and troubled.

How and where have they obtained this credit? By various means and expedients.

The proprietors themselves have in part provided it, by supplying with the land a part of the stock; the dealers in machinery and manures satisfied with payments either in instalments or at distant date; of co-operative institutions, such as agricultural consortiums, rural banks; sometimes gave credit, as also did friends and sympathisers with the movement, and even the labourer members themselves. These rely on themselves to wait for the harvest or even longer for the payment of their wages, requesting credit in their turn for their means of subsistence from tradesmen and co-operative societies of the neighbourhood, in certain cases depositing with their society all their little savings and even the money they have received for articles left in the pawn offices. Even to the outside from whom they obtain credit, the societies are certainly unable to offer large guarantees. Besides the guarantee constituted by the small capital of the societies, the livestock and interest on their capital, they can only rely on that of rich friends or make deductions on wages in favour of their creditors.

The labourers have made heroic efforts to provide the capital necessary for the undertakings; but it must be acknowledged that the financial organisation of the societies is extremely weak, and therefore dangerous both to the labourers and their creditors. This will be shown by figures in the following paragraphs. These societies would scarcely be able to exist without aid from political parties. We now give some supplementary figures and information about the chief groups of co-operative farms; viz. those of Reggio, Ravenna, Bologna and Mantua.

## § 2. COLLECTIVE FARMS IN THE PROVINCE OF REGGIO.

Those of Reggio (see table below) (1) have all obtained land by contract nine years on high security (2).

The land is here generally under intensive cultivation with fields of wheat, maize and oats; meadows and vineyards, with livestock for milking and draught, butchers' beasts and dairy cows. Wine is made, agricultural machines extensively used, among which are threshing machines worked by steam or water power. The following table gives figures to the proportion of area cultivated, which though not all of equal importance as they refer only to the year 1911, yet give a sufficient idea of the degree of the intensity of cultivation and of the capital employed.

TABLE II. — *Stock, Gross Expenditure and Production, of the Collective Farms of the Province of Reggio.*

Co-operative Society	Rent	Stock				Cost of Labour	Gross Production
		Livestock	Implements	Fodder etc.	Total		
	Fr.	Fr.	Fr.	Fr.	Fr.	Fr.	Fr.
Campagnola . . . .	68.5	490	48	88	536	181	418
Fabbrico . . . . .	88.7	220	130	50	400	186	446
Novellara . . . . .	111.0	300	133	144	577	218	497
S. Vittoria . . . . .	113.0	275	83	114	472	214	462
Gualtieri . . . . .	77.0	215	47	57	317	102	212
Rio Saliceto . . . .	72.0	151	147	42	340	273	512

With stock of this value and the necessity of giving security, paying in advance, wages and other working expenses, it will be understood how these co-operative societies incur very considerable debts. The total share capital is usually scarcely sufficient to pay the first half

(1) We are only considering the six\* belonging to the labourers' movement, marked 6 in the table, which are the most characteristic and most intimately associated in the general movement of labourers' organisations. The New Co-operative Society of S. Vittoria (No. 12 in the General Table) is also of the same type, but of very recent formation.

(2) Co-operative Society of Campagnola, security 9,000 fr., Fabbrico 19,175 fr., Novellara 24,000 fr., S. Vittoria, 11,785 fr., Gualtieri, 10,033 fr., Rio Saliceto, 6,891 fr.

year's rent. The total amount of the debts of eight co-operative societies in the province of Reggio amounted at the end of 1911 to 374,819 against a share capital of 166,631 fr.

The management of the farms is generally entrusted to the president of the Board of Management, usually one of the most skilful labourers, and his services are remunerated. In some co-operative societies he is assisted by other paid employees (for instance, in the collective farms of Fabbri Novellara and Santa Vittoria, there is a secretary, accountant and cashier).

As to the employment of labourer members we shall describe the methods followed by the co-operative society of Fabbri, the oldest of and the model for the others.

The permanent staff receiving annual salary consists of two head labourers, who arrange and supervise the work of the others, a store-keeper who must give security; and two peasants (*bifolchi*) with families and have charge of the livestock.

The rest of the work is done by labourer members, or if necessary, labourers not members, who also share in the profits.

Some of the work is paid by the day, and some by the job. For the first (work which more especially requires the employment of animals), the foreman on each occasion fixes the number of workmen required and forms the President of the Society who gives orders to the labourer members all who are at liberty (that is, not at work) if the nature of the work permits or else in turn. If there are not enough at liberty, those who are engaged in other undertakings must leave them when called upon, or find substitutes. The foreman takes account of the work done by each man and reports to the President; payments are made weekly according to a fixed tariff. The work done by the job (for instance, digging in rice fields, reaping and the land is divided into portions each of which is entrusted to a gang of labourer-members to whose head the society makes the payment, the amount of which is fixed according to the unit of area, and he divides it among his fellow labourers. As a rule, the whole sum is not paid at once; a certain portion is set down to the credit of the members, for reasons already stated connected with the credit of the society.

And just on account of this need of credit all the members are obliged to assist in work by the job; those who cannot do so, being occupied elsewhere, must send substitutes, or lend the society the sum necessary to pay for them. It is to be noted that recently attempt has been made to extend the system of payment by the day and reduce that of payment by the job.

It will be seen that this system, more or less common to all the co-operative holdings in the province of Reggio, in view of its special object, which is to employ members who are out of work, tends to the employment of a great deal of labour, more than can conveniently be employed by the society or even by an ordinary tenant farmer. Much labour is expended on the improvement, increasing the value of the farm and thus, with share leases, benefiting the landowner. All this naturally affects the balance

to it especially some failures must be attributed, such as those of the cities of *Reggiolo*, *Brugnato* and *Villa Seta* (1). The following table shows the results attained by other societies in years of years.

TABLE III. — Profits and Losses of the Collective Farms of the Province of Reggio.

Agricultural co-operative societies	Results of the Working Years.													
	1906		1907		1908		1909		1910		1911		1912	
	Profits		Profits		Profits		Profits		Profits		Profits		Profits	
	fr.	fr.	fr.	fr.	fr.	fr.	fr.	fr.	fr.	fr.	fr.	fr.	fr.	fr.
Arco . .	609	—	5,131	—	1,381	—	487	—	3,249	—	591	—	2,451	—
Vittoria .	—	—	159	—	1,495	—	1,853	—	1,018	—	116	—	275	—
Pagnola .	264	—	1,037	—	303	—	149	—	52	—	498	—	2,230	—
Saliceto .	228	—	178	—	164	—	514	—	1,933	—	2,043	—	1,103	—
Ellara . .	2,580	—	457	—	969	—	26	—	393	—	156	—	32	—
Ilkeri . .	—	—	—	—	—	—	113	—	899	—	8,815	—	7,589	—

The losses must sometimes have been met by reductions of wages. To appreciate these losses exactly, it is necessary to know the rate of the wages credited to the members, the rate as has been said, being generally [by the societies.

The wages are 30 to 55 centimes per hour for men, and 22 to 40 centimes for women. They vary within these limits according to the season and the nature of the work (2).

However, notwithstanding considerable sacrifices, it seems that the members are not discontented with their societies, as they consider them not with respect to their financial results, but as organs of the complex movement, already shown.

A proof that faith in the future is not wanting is the fact that in 1912 a new agricultural co-operative society of S. Vittoria, with the aid of a cooperative distributive society, purchased a landed estate of 350 hectares.

(1) The *Villa Seta* collective farm was dissolved, after three years' work, with a loss of 4,000 frs. to its members. Those of *Brugnato* and *Reggiolo* are in liquidation; and it can be foreseen that also in these cases the members will lose some thousands of francs.

(2) For instance at *Guallieri* a man receives 35 centimes per hour in spring, autumn and winter, and 40 centimes in summer; women always 25 centimes per hour. At *Camino* the wages are 35 centimes for men and 27 for women, except for extra work at the time of mowing and threshing seasons, when the wages are 40, 45, 50 or 55 centimes.

(3) At *Fabbro* the rate does not vary; 30 cm. for men and 22 for women.

(4) The hours of work per day are in general 6 hours in January and December, 7 in March and November, 8 in March, April, September, and October, and 9 in May, June, and August.



The consortium of the co-operative agricultural societies of Reggio, constituted in 1906, besides providing for inspection, and legal, and technical assistance as well as assistance in book keeping, also makes collect purchases and sales. Its members are only agricultural co-operative societies of labourers connected with the resistance movement.

### 3. THE COLLECTIVE FARMS OF THE PROVINCE OF RAVENNA.

These form to-day the most numerous and compact group. (See the table).

We do not include the old *Labourers' Society of Ravenna* now be transformed, the story of which we have related elsewhere.

The two denominations adopted, *co-operative society for production*, *labour* and *co-operative society for production* (nos. 46-66 in the General Table) indicate a real difference; in the first, the members usually work on land not belonging to the society; in the second, they work almost exclusively on that of the society. The first undertake the collective lease of land for purposes of resistance, the second seek to turn the labourers into farm managers.

Several of the co-operative societies of more recent formation (1900-1910) owe their origin to discord that has arisen in the labouring classes, between socialists and republicans. Therefore, in the same locality, we sometimes find two collective farms.

Here the land is generally let for from 9 to 12 years, and security is given (1). But in some cases the system of collective *partitance*, *mezzadria*, *terziarie*, is exclusively followed, as a rule with contracts for one year sometimes for two or three years. Of this we have already spoken. The system is applied especially to the cultivation of rice, sugar-beet, tomatoes, peaches etc., and generally where capital is deficient; but as a rule the co-operative societies prefer to receive rent.

They have pasture lands and wheat, oats, maize, beet, tomatoes cultivated, but rice fields prevail. The co-operative society of Massala harda grows fruit and early vegetables for exportation: (peaches, apples, pears, haricot beans, tomatoes and grapes for the table).

Besides the contribution paid for each hectare which is let, the following table shows the production and the cost of labour for each hectare cultivated by some of these co-operative societies, and also the great diversity which prevails. It must not be forgotten in studying the table that the figures are for one year, only (1911); the variation of production in each case depends not only on diversity of crops and but also on the variations of the seasons.

(1) Co-operative society of Santerno; security 8,000 frs.; those of the suburbs Garbi Prati and Saffi, 20,000 frs.; that of Castiglione Ravenna. 2,200 frs.

TABLE IV. — *Rent, Gross Production and Cost of Labour per hectare (1911).*

Number	Co-operative Society	Gross Production	Cost of Labour	Amount of Rent
1	Alfonsine . . . . .	523	208	119
2	Voltana . . . . .	493	224	62
3	Lavezzola . . . . .	1,290	400	—
4	Conselice . . . . .	317	170	—
5	Massalombarda . . . . .	1,250	570	158
6	Castiglione Cervia . . . . .	620	256	121
7	S. Alberto (no 53. General Table).	156	135	—
8	Campiano (no 54. G. T.). . . . .	340	240	93
9	S. Stefano (no 55. G. T.) . . . . .	396	161	67
10	S. Bartolo . . . . .	190	90	41
11	Mezzano . . . . .	650	355	66
12	Santerno . . . . .	234	100	—
13	Savarna . . . . .	700	200	154
14	Sobborgo Garibaldi . . . . .	106	33	92
15	„ Fratti . . . . .	106	33	92
16	„ Saffi (no 64. G. T.) . . . . .	200	118	100
17	Castiglione Ravenna (no 65. G. T.)	480	430	—
18	S. Pietro in Vincoli . . . . .	456	246	130

The number of livestock is small, as there is little pasture land, and team ploughs take the place of draught animals. In 1911 eight only of the cooperative societies mentioned possessed livestock of a total value of 58,755 fr. on 846 hectares leased (besides 134 hectares in *partitanza* on which there is little need for cattle); this is scarcely 70 fr. per hectare.

Machines, and implements are largely used, such as locomotive engines, threshing-machines (with which co-operative societies undertake the work of threshing on the land of outsiders) presses for fodder, reaping and sowing machines, and four different kinds of steam ploughs.

Seventeen of the co-operative societies enumerated with 1,670 hectares available for cultivation, possessed in 1911 a stock of machinery and implements valued at 368,402 fr., more than 220 fr. per hectare.

Artificial manures are also largely used; in 1911, 16 co-operative societies spent on purchase of these 41,000 fr., for 1,177 hectares they managed and 447 farmed in *partitanza*. Considering that, on these last, a part of the cost is borne by the co-operative societies, the cost per hectare may be calculated at 30 frs.

The co-operative societies of Ravenna have considerable debts.

At the end of 1911, 21 had a working capital of the amount of 951,8 fr., capital in shares amounting to 76,749 fr., with an ordinary reserve fund of 115,214 fr. and a thrift fund of 26,907 fr.; in all 218,870.33 fr. The debts amounted to 480,530 fr. to private individuals, 81,445 fr. to credit institutions and the remainder to members and to other labour organisations.

As to the mode of employing labourers, we may refer the reader generally to what has been already said with regard to Reggio. But experience has proved that labour paid by the day gives an inadequate return even in the case of members, and therefore recourse must be had to other forms of compensation. Contracts are made for payment by the job with gangs of labourer members as already seen in the province of Reggio; or a co-operative society makes contracts *a partianza*, that is, the gangs of labourers performing the work on a certain piece of land cultivated with a certain crop are remunerated with a certain proportion of the produce. Finally, an effort has been made to fix the liability more accurately and to determine more correctly the amount of payment for the work done by each individual. In some cases the co-operative society grants to each individual a certain portion of land *a partianza*, thus arriving by another way at a kind of farm on the system of divided management. The division is made after the preparation of the soil (ploughing, manuring, sowing), carried out by the Society directly.

The Societies have been influenced to adopt this system through the desire of utilising the labour of old or feeble persons. To pay them the usual wages might endanger the success of the undertaking, and to pay them lower wages might seem inhumane.

We give in the following table the information with regard to profits and losses in the societies of the Province of Ravenna, that have been able to obtain, for the years 1910, 1911 and 1912:

TABLE V. — *Financial Results  
of the Ravenna Collective Farms (1910-II-12).*

Co-operative Society at	1910		1911		1912	
	Profits	Losses	Profits	Losses	Profits	Losses
1 Alfonsine . . . . .	3,726	—	—	1,148	1,477	—
2 Voltana . . . . .	207	—	—	2,043	2,213	—
3 Lavezzola . . . . .	1,787	—	5,510	—	—	7,813
4 Conselice . . . . .	—	—	—	—	—	3,027
5 Massa Lombarda . . . . .	—	—	1,533	—	510	—
6 Castiglione Cervia . . . . .	1,001	—	—	1,463	1,180	—
7 S. Alberto (no. 53 General Table) . . . . .	2,166	—	1,067	—	2,362	—
8 Campiano (no. 54. G. T.) . . . . .	332	—	—	2,859	2,862	—
9 Carale . . . . .	—	—	—	83	—	2,202
10 S. Stefano (no. 55 G. T.) . . . . .	—	—	—	—	4,497	—
11 S. Bartolo . . . . .	641	—	313	—	2,863	—
12 Mezzano . . . . .	920	—	2,131	—	3,207	—
13 Piangipane (no. 59. G. T.) . . . . .	115	—	405	—	225	—
14 Santarno . . . . .	—	—	725	—	7	—
15 Savarna . . . . .	1,747	—	—	—	—	60
16 Sobboغو Fratti . . . . .	—	—	229	—	1,064	—
17 " Garibaldi . . . . .	—	—	—	162	64	—
18 " Saffi (no. 64 G. T.) . . . . .	—	—	36	—	—	3,157
19 Castiglione Ravenna (no. 65 G. T.) . . . . .	—	—	423	—	133	—
20 New Labourers' Co-operative Society of Ravenna . . . . .	—	—	43	—	—	356
21 Castiglione Ravenna (no. 69 G. T.) . . . . .	—	—	—	430	165	—
22 S. Zaccaria (no. 73 G. T.) . . . . .	—	—	—	828	50	—
23 Gambellara . . . . .	—	—	—	—	—	335
24 Canuzzo . . . . .	—	—	—	—	802	—
25 Savio . . . . .	—	266	—	306	—	—

Up to the present, only one co-operative society is in liquidation. That of *Longastrino*, in which it is calculated the members will lose 30,000 frs, the societies that have only dry land the stoppages on wages have always been repaid; in the societies working ricefields repayment has not always been made. We have not been able to learn the amount of these stoppages, nor can we give exact information with regard to the amount of daily wages credited to the labourers.

The Ravenna societies are united in a provincial federation and have a central bureau for technical, bookkeeping and commercial assistance, managed by a scientific agriculturist.

#### § 4. COLLECTIVE FARMS IN THE PROVINCE OF BOLOGNA.

The agricultural co-operative societies of Bologna usually adopt form of a lease varying from 4 to 12 years, or in the case of rice fields even one year. In the first years, the system of *collective partitanza* frequently adopted, but the labourers are gradually giving it up, considering it little remunerative.

Where the land is hired and especially in the case of rice fields, the proprietors are guaranteed by the produce, and the payment of security therefore rare.

The land, as already pointed out, is for the most part devoted to cultivation of rice (in 1910 there were 1,146 hectares of ricefields in a total of 1,509).

The following table shows the amount of rent paid, the cost of labour and the gross produce per hectare for 1911.

TABLE VI. — *Rent, Cost of Labour and Gross Production per ha. in Bolognese Co-operative Societies (1911).*

Number	Co-operative Society	Gross Production	Cost of Labour	Amount of Rent	Observations
1	Altedo . . . . .	845	346	211	Also with farms irrigated.
2	Anzola Emilia . . . . .	605	289	161	
3	Pegola Ponticelli . . . . .	673	332	81	
4	Malalbergo . . . . .	1,188	536	230	
5	S. Pietro in Casale . . . . .	1,115	473	110	
6	S. Venanzio Galliera . . . . .	607	399	69	Hardly any farms irrigated.
7	Molinella . . . . .	364	170	81	
8	Medicina . . . . .	561	289	75	

The stock on these farms is not considerable: on 9 of them, with cultivated area of 1,439 ha., the livestock was valued at 41,720 lire.

machines and implements at 98,559 frs: altogether 140,279 frs. or out 97 frs. per ha.

The principal expenditure on 11 collective farms (of a cultivated area 1,524 ha.) in the year 1911 was as follows: for leases, 204,867 frs.; for, 496,961 frs.; seeds, 52,021 frs.; manure, 93,775 frs.; insurance, 948 frs.; interest on debts 16,216 frs.

At the end of 1911 the same 11 societies had a capital of 156,480 frs.; it is 79,687 frs. subscribed shares (of which 33,957 frs. paid up), and 803 frs. ordinary reserve fund; their debts, if capitalised, at the average rate of 6 % paid in 1911 to the amount of 16,216 frs., would reach a total amount of about 270,000 frs.

These debts were on loans principally obtained from private individuals and from the people's co-operative bank of Bologna. The organization of the work is similar to that of the preceding groups already described, except that work by the job done by groups of men and women substituted for work by the day, which is not considered to be remunerative by the co-operative societies. Reaping, digging, carrying, irrigation and manuring are all done by the job; threshing (without machines) and weeding corn are paid by the day.

We have no definite information as to the amount of wages but the workers' wages are not paid in full; a part is retained to meet losses and gives rise to frequent cases of insubordination among the members, so it is found to be necessary. That the losses are neither slight nor frequent is shown in the following table.

TABLE VII. — Profits and Losses on the Bolognese Farms (1907-1908-1909-1910-1911).

Co-operative Societies	1907		1908		1909		1910		1911		Total	
	Profits	Losses	Profits	Losses	Profits	Losses	Profits	Losses	Profits	Losses	Profits	Losses
Altedo . . . . .	—	7,692	—	21,193	19,286	—	—	205.44	41.21	—	19,327.21	29,090.44
Baricella . . . . .	—	12,859	—	10,472	294	—	—	28,267	—	5,108	294	56,826
Boschi di Baricella .	—	2,080	—	3,611	2,564	—	—	3,897	6	—	2,570	9,588
Malallegro . . . . .	—	7,870	827	—	13,950	—	—	639	—	6,143	14,777	14,652
Molinella . . . . .	—	37,958	—	—	—	—	—	?	?	?	—	?
Pegola Ponticelli . .	—	73	3,094	—	1,486	—	—	3,683	—	3,146	5,180	6,902
S. Pietro in Casale .	—	796	5,820	—	37,013	—	267	—	—	9,988.77	43,100	10,784.77
Saletto . . . . .	—	686	—	979	—	—	—	—	—	—	—	—
S. Venzano . . . . .	—	218	1,082	—	9,958	—	1,745	—	—	4,257.34	12,785	4,475.34
Medicina . . . . .	162	—	—	75	362	—	—	568	—	2,571	524	3,214
Angola . . . . .	—	—	—	—	—	—	—	—	—	2,845	—	2,845

The Saletto society was liquidated in 1909.

Owing to the above results it has often been necessary not only not to pay the stoppages on wages but to ask the members for special contributions. In the whole of 1911, the eleven co-operative societies stopped 442 frs. from their members' wages, of which 147,866 frs. were not paid. In addition, the members made special contributions to the amount of 8,695 frs.

The holdings in the province of Bologna have been certainly among the least successful. The indifferent results attained by them may be attributed to want of good management and administration, want of discipline among the members, who sometimes demand wages higher than those paid by outsiders, while working little and badly, serious risks from the exclusive cultivation of rice, high interest to be paid and lively competition for the lease of land.

In 1911 the inactive federation of Bologna was transformed into a consortium of agricultural co-operative societies of the province of Bologna with the collective farms. Its aims resemble those of other federations. With the help of the Co-operative Bank of Bologna, the only credit institution which has largely assisted these co-operative societies, it purchased a mill for 65,000 fr. and is now adapting it as a rice husking mill for the province of the various co-operative societies. This consortium has a secretary of its own, but, unlike the federations of Reggio and Ravenna, it has neither a technical manager nor a special bookkeeping department.

#### § 5. COLLECTIVE FARMS IN THE PROVINCE OF MANTUA.

The thirteen collective farms in the province of Mantua may be divided into two groups. The first seven (Nos. 18 to 24 in the table) resemble in their organisation those of Reggio and Ravenna; the other six (Nos. 25 to 30 in the table) differ from them somewhat in origin and characteristics, as they work exclusively on the system of metayage.

We shall deal with the two groups separately.

(a) Those of the first group differ little from the societies in the province of Ravenna and Reggio in their technical administration and employment of labour.

It must be observed that the working of the land leased was at first undertaken by co-operative distributive societies. At Bondeno di Gonzaga, Scoldo, Pegognaga, Suzzara and Moglia, there are important co-operative distributive societies including all the day labourers who belong to the leagues of Resistance. Outsiders are guaranteed by the capital of the co-operative societies; security is given only by the co-operative societies Moglia (15,000) and Suzzara (14,000); the members are placed on land leased for 3, 9 or 12 years.

This is a recent experiment. Only of late has the necessity been apparent of separating the administrative and book keeping departments and dividing the responsibility, thus constituting a new co-operative



society working independently. We insist on this particular because obliges us to give certain details, some of which (capital subscribed and paid up, and reserve fund) affect both distribution and agricultural production.

The farms are not irrigated. Wheat, maize, tomatoes and grapes are the chief produce. Livestock for farm use and dairy cows, butchers' beasts and beasts of burden are numerous.

The following table gives some figures per hectare for the year 1912 (for Buscoido and Pegognaga, 1911):

TABLE VIII. — *Some Statistics of the Mantuan Collective Farms per ha*

Number	Co-operative Society	Rent	Stock				Cost of Labour	Gross Production
			Livestock	Implements	Fodder etc.	Total		
1	Moglia . . . . .	228-315	364	99.8	112.7	576.5	236.4	408
2	Bondeno di Gonzaga . .	189.3	644	104	?	748	94.5	389
3	Bondeno di Gonzaga . .	216	561	290	257	1,108	254	508.8
4	Pegognaga . . . . .	240-270	624.8	254.9	345	1,424.7	310	480.7
5	Suzzara . . . . .	214	452.9	93.4	?	546.3	265	520
6	Buscoido . . . . .	177.6	280	18	160	456	280	470
7	Bondenello di Moglia . .	245	554	52	67	673	232	487

Abundant use is made of chemical manures; on 362 hectares worked directly and 176 hectares worked on the system of metayage, 14,393 fr. were spent for the purpose in 1912, amounting to 27 fr. per hectare.

As may be seen the farming is intensive; this has compelled the associations to borrow largely in order to obtain the necessary working capital. At the close of 1912 (for Pegagnaga and Buscoido 1911) with a share capital of 156,150 francs, of which 108,059 is subscribed, more than half being paid up, (38,176 fr. to the reserve fund and 9,915 to the thrift fund) they had a total debt of 213,426 fr., of which 65,500 frs. was borrowed from Credit Institutions, 53,445 frs. from private sources, 60,211 frs. from the members under the form of deposits held by the society and 34,277 frs. from labourers' organisations. The considerable amount of interest, the high rate of rent compared with that paid by the neighbouring societies in Reggio, which were established some years before those of Mantua repeated hail-storms, thrush fever and depression in the cattle market were the cause of great uncertainty in the early days of these societies.

1912 (for Pegognaga and Buscoldo 1911) the profit and loss account is as follows:

Co-operative Societies	Profits	Losses
1. Moglia. . . . .	—	4,946
2. Bondeno di Gonzaga . . . . .	—	1,700
3. Bondeno di Gonzaga . . . . .	157	—
4. Pegognaga. . . . .	—	2,339
5. Suzzara . . . . .	1,685	—
6. Buscoldo . . . . .	2,493	—
7. Bondanello di Moglia. . . . .	350	—

For the better understanding of these figures we must observe that a sum is frequently paid to labourers for their work than that agreed upon by the associations.

It has been agreed that the rate of wages should be for a man from cm. 25 to 35 per hour for eight months of the year and from 33 to 42 for the four summer months and for women from 20 to 25 c. Certain work, such as threshing, commands higher pay. These rates are paid at Suzzara and Buscoldo; at the other places wages are less by about from 2% to 10%.

One reason of the small profits is that much labour was expended on land improvement, and the wages quickly paid in full.

In the Mantuan societies also the systems of payment by the job and shares in the profits instead of payments by the day are rapidly extending.

(b) We shall now turn to the second group of Mantuan societies. High rents, scarcity of working capital, credit difficult to obtain and on burdensome conditions induced the Mantua labourers to resort to the system of collective metayage. In substance the league of resistance takes the place of the old *metayer* family system, under the same agreements for the cultivation of the land. Of these agreements we give the principal: The produce of the land and cattle and almost all the expenses are equally divided between the proprietor (or his representative) and the metayer. The proprietor also pays the land tax; he (or in his place, the lessee) directs the working of the farm, and advances the necessary funds for the labourers' food up to harvest time. The *metayer*, on his side, is bound to pay the *cortilatico*, that is, pay for shelter and fodder for his own cattle, when necessarily employed on the farm. The amount for this varies on different farms, but is always increasing, having risen from a minimum of from 10 to 15 francs per hectare to a maximum of 70, 80 and 90 francs per hectare. The contract varies in duration from three to twelve years. Under these conditions, the leagues of resistance undertake to work the farm in place of the metayer families.

The men (herdsmen and ploughmen) with their families, at annual fixed wages, take charge of the livestock; the remainder of the work is done by members called upon in turn.

The leagues guarantee the observance of the contracts, supplying men for the work of the proprietors (chiefly land improvement) for some months on credit, so that part of the work is paid for immediately, and the remainder at the termination of the contract.

The labourers under the system of metayage receive during the year only small sums on account, the remainder due to them being paid at the end of the year according to the years' results.

This system seems to have worked better for the proprietors than for the labourers who generally receive less remuneration than the established by the societies.

But sometimes they have better fortune, especially where the *cortile* is low and where the proportion between the area of land to be cultivated and the number of labourers permits the abolition of work in turn. This has been the case at San Rocco di Quistello.

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## Part II: Insurance

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### BELGIUM.

#### THE WORK OF THE "INSURANCE DEPARTMENT" OF THE *BOERENBOND* (PEASANTS' LEAGUE), IN 1912.

##### SOURCES:

SECTION CENTRALE DU "BOERENBOND": Assurances contre l'incendie et sur la vie; Assurances Mutuelles (*Sixth Central Department of the "Boerenbond"; Fire and Life Insurance; Mutual Insurance*). From the Report of the Belgian Boerenbond or Peasants' League for the Working Year 1912, presented at the General Meeting of May 12th, 1913 by Canon E. Luytgaerens, S. Th. B., General Secretary. Louvain, 1913.

As we have shown in the part of this number of our Bulletin specially devoted to co-operation and association, the Boerenbond has also a department for fire, livestock, hail and life insurance. To complete our remarks on the other departments of the *Boerenbond*, we shall give some information in regard to the work of this insurance department in 1912.

##### § 1. FIRE INSURANCE.

In 1912, this department issued 3,581 policies and amended 1,138, thus doubling the figures for the previous year, in which 1,756 policies were issued and 567 amended. But the net result for the year, after deduction of policies substituted and cancelled, was 715, representing an assured amount of 17,775,696 frs., or twice that assured in 1911.

On December 31st., 1912, there were 9,457 persons insured with the *boerenbond*, for an amount of 107,997,795 frs. These figures refer to ordinary insurance for long terms. We must add to them the temporary insurance policies for hay lofts, mills etc., in number 575 and for a total amount of 784,293 frs.

The amount of premiums collected in 1912 was 148,062.92 frs., to which must be added 6,586 frs. for expenses in connection with the policies. The amount is about 25,000 frs. more than in 1911. Previously the annual increase was 8,000 frs.

In the year with which we are dealing the claims paid were 101 in number and 53,653.72 frs. (37 % of the premiums) in amount.

These happy results were due to the institution of an inspection service for the supervision of the policies and for the valuation and payment of losses as well as to the reorganization of the local agencies.

The data given are for the year 1912. To obtain an idea of the progress of this department since its start, it is well to give a glance at the following tables, which give figures for a certain number of periods of five years.

TABLE I. — *Long Term Insurance ; Buildings and Accessories.*

Years	From Date of Foundation		Working Year	
	Number of Policies	Assured Amount	Net Premiums	Claims Paid
1893. . . .	103	726,562 frs.	415.74 frs.	— fr.
1897. . . .	2,074	13,543,885 »	15,922.13 »	16,913.65 »
1902. . . .	9,691	53,723,575 »	56,276.86 »	37,445.51 »
1907. . . .	16,118	104,463,440 »	88,558.20 »	61,361.55 »
1912. . . .	25,874	219,422,684 »	148,062.92 »	53,653.72 »

We now give the figures relating to temporary insurance :

*Temporary Insurance : Mills, haylofts etc.*

Year	Number	Assured Amount
1900 . . . . .	471	450.116 frs.
1904 . . . . .	504	494.202 "
1908 . . . . .	529	666.763 "
1912 . . . . .	575	784.293 "

We must also mention the *Central Mutual Fire Insurance Fund*: the object of this is not reinsurance, but the investment of the funds of the affiliated mutual societies, the opening of credit accounts for them and the inspection of their management and their bookkeeping. At the end of 1912 six local mutual societies adhered to it; three others joined them a little later. None of the affiliated societies needed to ask for a credit account to be opened for it; almost all, on the contrary, closed their accounts with a rather large surplus.

§ 2. LIVESTOCK INSURANCE.

Livestock insurance, organized, as in most other countries, on mutual basis and regulated by the law of June 23rd., 1894, is specially important in Belgium. We had occasion to speak of the various kinds of mutual livestock insurance in our Bulletin of last May, pp. 36 et seqq. We said then that these mutual societies, originating in rural communes, generally united provincial reinsurance federations, which were very useful in protecting small local associations, and encouraging their development.

We are in a position to furnish the following data with regard to the insurance societies of the Provinces of Brabant, Limbourg and Antwerp.

*Province of Brabant: (a) Horned Cattle Reinsurance Federation.* — On December 31st., 1912, this Federation united 11 local societies, reinsuring 584 head of cattle, for an amount of 10,055,520 frs. It had to settle 818 claims for an amount of 40,375.90 frs. The profits for the year, 9,527.21 frs., were paid into the reserve fund, which thus has a capital of 110,039.64 frs.

The following table gives some information as to the progress of this federation.

TABLE II. — *Progress of the Federation.*

Year	Number of Head of Cattle Insured	Number of Claims	Number of Claims %	Amount Assured	Premiums Paid	Amount Paid in Claims	Proportion of Loss to Value Reinsured
1898 . . .	10,166	344	3.38	3,095,914	4,548.61	9,163.31	0.29
1901 . . .	16,170	621	3.84	4,954,005	14,800.34	30,316.24	0.61
1905 . . .	23,113	747	3.18	7,653,460	22,740.86	31,637.20	0.41
1909 . . .	25,224	838	3.32	8,877,322	26,865.90	39,117.55	0.44
1912 . . .	26,584	818	3.00	10,055,520	30,334.14	40,375.90	0.40

The affiliated societies pay an annual subscription to the Brabant Federation of 3 frs. per 1,000 frs. reassured value; the Federation in return pays them 30 % of their net losses.

(b) *Horse Reinsurance Federation.* — At the end of 1912, 42 societies were registered with this Federation. They had reassured 6,774 horses for a total amount of 5,820,223 frs. 227 claims were paid, or 3.3 % of the amount. The gross loss amounted to 171,205 frs. (2.9 % of the amount reassured). This percentage was 2.7 in 1911 and 3.05 in 1910. The Reinsurance Society had to pay 53,976.90 frs. in claims, against 34,679.50 frs., premiums collected.

*Province of Limbourg: (a) Horned Cattle Reinsurance Federation.*

This Federation at the end of the last working year included 162 local mutual societies, which had reinsured 49,455 head of livestock for an amount of 18,347,307 frs. It had to pay 1,126 claims for a total amount of 438,600 frs. The net loss amounted to 207,450.71 frs., of which 66,289.28 frs. had to be borne by the Federation.

(b) *Horse Reinsurance Federation.* — At the above date, the "Saint Isidore Reinsurance Society" had 31 societies affiliated to it, reinsuring 4,54 horses for an amount of 4,095,397 frs. There were 163 claims to be paid representing a total loss of 139,650 frs. The share of the Federation in the reinsurance was 40,700.47 frs. and the amount of premiums collected was 20,476.94 frs.

The mortality was 3.58 %.

*Province of Antwerp: (a) Voluntary Livestock Reinsurance Federation.* We possess the following data in regard to this Federation: affiliated societies, 65; head of cattle reinsured, 23,120; claims, 934; amount of claim paid, 53,401.62 frs.; premiums collected, 34,255 frs.

This federation is fourteen years old.

(b) *Voluntary Goat and Sheep Reinsurance Federation.* — Adhering societies, 45; animals reinsured, 6,104 for 123,860 frs.; claims 474, representing an amount of 9,530 frs.; share of the Federation 2,866 frs.

### § 3. HAIL INSURANCE.

This branch of insurance is still at its commencement. The *Boerenbond*, being unable to take the initiative in the foundation of a special hail insurance institute for its members, entered into an agreement with the limited liability society, "La Confiance", one of the oldest established and safe companies of France, which agreed to give it special terms. The *Boerenbond* is making an active propaganda among its members, by means of circulars and its inspectors, for the extension of this important branch of agricultural insurance.

### § 4. LIFE INSURANCE.

In 1912, 16 contracts of insurance, representing an assured amount of 193,000 frs., were entered into through the intervention of the *Boerenbond*. In 1911, 9 new policies had been issued for an amount of 83,200 frs.

The *Boerenbond* now carries on its propaganda in favour of this branch of insurance essentially in the country districts (1).

(1) With regard to the mutual insurance societies against accidents in work, the "Belgian Farmers' Collective Insurance Institute" and the "Agricultural Insurance Society" see the Number of this Bulletin for August, 1913 pp. 54 et seqq.

## SWITZERLAND.

### APPLICATION OF THE FEDERAL LAW OF JUNE 13TH, 1911 ON SICKNESS INSURANCE.

#### OFFICIAL SOURCES:

ORDNUNG ÜBER DIE KRANKENVERSICHERUNG betr. die Anerkennung von Krankenkassen und den Abschluss der Betriebsrechnungen. (*Order of the Federal Council on Sickness Insurance with regard to the Recognition of Sickness Insurance Societies and the Closing of their Accounts*). Berne, 1913.

BELEITUNG AN DIE KRANKENKASSEN. (*Instructions for the Sickness Insurance Societies*). Published by the Federal Social Insurance Office, Berne, 1913 (Stämpfli).

USTERSTATUTEN (*Model Rules*). Published by the Federal Social Insurance Office, Berne, 1913 (Stämpfli).

UNDESCHLUSSE vom 19. Dezember 1912 über die Errichtung eines Bundesamtes für Sozialversicherung (*Order of the Federal Council of December 19th., 1912 for the Foundation of a Federal Social Insurance Office*), Berne, 1912.

#### OTHER SOURCES:

MEYER (Dr. A.) Bundesgesetz über die Kranken und Unfallversicherung (*Federal Law on Sickness and Accident Insurance*) 1 vol. Zurich, 1912 (Füssli).

In the numbers of this Bulletin for March and April, 1912, we have already indicated the general outlines of the new federal law of June 13th., 1911 on sickness and accident insurance, approved by popular referendum on February 4th., 1912 by a majority of 46,149 (282,565 votes against 14,416). We repeat that this law marks an important date in the story of Swiss social legislation; it is the result of profound study and long discussion, and only with the assistance of the most authoritative representatives of the various social classes was it possible finally to overcome the legal, technical and financial difficulties and objections to its approval. Art. 131 of the law laid it down that "The Federal Council is entrusted with the carrying out of the present law: it will publish the necessary regulations for this end."

In the following pages we shall briefly note the action taken up to the present by the Federal Council in accordance with this legal provision. As we know, the law of June 13th., 1911 is divided into three chapters: the first (arts. 1-40) deals with sickness insurance, the second (arts. 41-122) with



accident insurance and in the third (arts. 121-131) we find the general and temporary provisions. As in accordance with the Federal Council Order of July 7th., 1913, only the first chapter of the law, dealing with sickness insurance, will come into force on January 1st., 1914, we shall for the present only occupy ourselves with the provisions approved by the federal social insurance office for the scientific organization of the sickness insurance societies in conformity with the principles of the law.

#### § I. GENERAL REMARKS ON THE ORGANIZATION OF THE SICKNESS INSURANCE SOCIETIES.

All the provisions of the law regarding sickness insurance hinge on two principles of freedom and mutuality. The confederation limits itself to encouraging the development of this class of insurance, granting subsidies to the mutual insurance societies that satisfy certain conditions laid down in the law. Only the cantons are authorized to declare sickness insurance compulsory, either generally or in the case of certain classes of citizens, with the consent of the Federal Council.

The conditions the insurance societies have to satisfy in order to have a right to the subsidy from the Confederation are clearly summarised as follows by the Federal Social Insurance Office: (1) the societies must have their head quarters in Switzerland; (2) they may not fix less favourable conditions for Swiss citizens than for other members; (3) they must transact sickness insurance business on mutual principles; (4) they must give guarantee that they are able to meet their engagements; (5) in addition to sickness insurance they may only transact other kinds of insurance; any other kind of business is prohibited; (6) they are bound to accept as members all Swiss citizens satisfying the conditions for admission established in the rules; (7) they must admit both sexes on equal terms; (8) they must guarantee of free passage; that is, they must accept as members under special conditions, those policy holders who wish to be transferred to other societies; (9) they must guarantee their members a minimum benefit and this minimum is calculated in respect to the kind of benefit amount and the term for which it is enjoyed; (10) they can only limit the free choice of the doctors and apothecaries by making special agreements with doctors and apothecaries; (11) they must take measures to prevent the necessity of extraordinary contributions; (12) they must co-operate for the realisation of accident insurance; (13) they must employ their funds solely for purposes of insurance; (14) the insured members are not personally liable for the engagements of the society; (15) the accounts must be made up annually in accordance with the orders of the Federal Council and must be communicated to it; (16) the amount of the subsidies must be in conformity with the benefit guaranteed by the society; (17) the societies must conform to special rules in their procedure for the settlement of controversies in regard to the work of insurance.

We call our readers' attention to the condition, with which the societies must comply, of giving guarantee for the fulfilment of their own undertakings. The law does not state in what this guarantee must consist, but the instructions of the Federal Office throw much light on the matter. The solvency of the society may be ascertained by means of a detailed examination of its rules, regulations and balance sheets. There must be security both in a legal and a technical sense; from the legal point of view, it is enough for a society to be formed and organized according to law, but on the technical side the balance between revenue and expenditure is subjected to various conditions, corresponding with the principles of actuarial mathematics. Thus, for example, the premiums must be accurately proportioned to the age of the policy holder, his age, profession, etc.; the amount of the reserve fund must be in proportion to the degree of the risks and safe investments are to be preferred; the society must be able to count upon a certain number of members etc.

The law does not establish the minimum number of members required in order that a society may be considered to have vitality; according to the Federal Office instructions, this vitality depends chiefly on the amount of premiums and reserve funds; yet it may be held that a number of members inferior to 100 is not enough; it would be well if every society had at least 150 members.

It is especially in the small centres and country districts that the societies find it difficult to enlist many members; therefore, we consider it advisable to reproduce the following remarks of the Federal Office: "We warmly advise the small societies to unite with others, either to form a federation and so work in common, or to obtain the admission of their members as a body, in these latter societies. And we recommend these unions, considering that the work of administrative character neither increases nor decreases in proportion to the number of the members and hence imposes a comparatively heavier burden on the small societies. These have already accomplished a noble mission in Switzerland. They have contributed to render the institution of sickness insurance popular. Now the aims of this institution are more extended and its requirements have increased, stronger organizations are therefore necessary for its development."

And in compiling model rules for the sickness societies, the federal office has exerted itself to facilitate their association in federations. Sickness societies that have been recognised have a right to a subvention from the Confederation. The subsidy paid annually to the banks for each policy holder is fixed by the law at 3.50 fr. for children under the age of 14 years; at 3.50 frs. for men and 4 francs for women, if the society assures members, during one or more illnesses, for at least 180 days in a period of 365 consecutive days, medical attendance and medicines or a daily allowance of at least 1 franc for the loss of wages.

However, if the society assures at once medical attendance and medicines and a daily allowance of at least one franc, the subsidy shall be five francs for every policy holder and in any case the preceding subsidies, are increased by fifty centimes for members to whom the society assures benefits,

in case of sickness, for at least 360 days in a period of 540 consecutive days. Besides, the Confederation pays the society a subsidy of twenty francs for every confinement, and a supplementary allowance of twenty francs when the mothers nurse their infants for at least ten weeks.

## § 2. SUPPLEMENTARY SUBSIDIES FOR MOUNTAIN REGIONS.

Having thus exposed a few of the general principles of the law of June 13th., 1911, we see that the Swiss Government has begun to apply the provisions contained in it that specially relate to agriculture.

On November 1st., the Department of Industry appointed a special commission to study the principal questions relating to the application of the law. The Commission was composed of 13 representatives of the sickness societies, 2 of the National Swiss Institute for insurance against accidents in agriculture, industry and commerce, a doctor, an apothecary and a representative of the Union of Swiss Cities. This Commission prepared instructions "for the sickness societies, that is, a kind of summary, in clear and precise form, of the principal provisions of the law, in order that the societies might adapt their rules and internal regulations to the new provisions; it then fixed model rules for the banks, and prescribed for them a uniform system of bookkeeping.

The "Federal Social Insurance Office" was then founded as a separate division of the Department of Agriculture, Industry and Commerce by order of December 19th., 1912, as an active organization, entrusted with the application of the law. On February 1st., 1913, the new Office began working, and, as appears in the Federal Council Orders of February 24th. and July 7th., 1913, its functions were established as follows: (a) it must form a centre of information for private persons, associations and the administration, in respect to the application of the law of June 13th., 1911; (b) it represents the Government in its relations with sickness societies and their federations; as also with the accident insurance institute of Lucerne, and with the institutes within its jurisdiction. Thus it is this federal office which examines whether a society offers the conditions required by law for its recognition; if so, in the name of the Federal Council, it approves the rules or regulations relating to the rights and duties of members.

In the instructions to the sickness societies published by this Office the principles are clearly laid down on which supplementary subsidies are granted in mountain regions.

According to the law of June 13th., 1911, the subsidy given by the Confederation shall not merely be in proportion to the amount of the benefits, but also the topographical conditions of the various regions of the country shall be considered. In the mountain regions, the sickness societies have to contend with special difficulties in order to guarantee their members medical attendance and medicines; both benefits costing these societies

much more than societies in cities, where all the public services relating to health and first aid are better organized, where communication is easy and the doctor may quickly reach the bedside of the patient.

Taking account of these conditions, art. 37 of the law declares that in mountain regions, "where communication is difficult, and the population scanty, the Confederation shall grant the societies an annual supplementary subsidy not exceeding seven francs per policy holder."

Notwithstanding that the law uses the expression "supplementary subsidy", some have questioned whether the sickness societies of the mountain regions had a right only to this extraordinary subsidy or whether it must be added to the ordinary one. But, as an acute commentator on the law, A. Gutknecht of Berne, has observed the wording of art. 37, leads immediately to the second interpretation, and hence the total subsidy paid by the Confederation for every member of a sickness society of the mountain regions may reach, in the various cases above mentioned, the following maximum amounts:

3.50 fr. + 7 fr. = 10.50 fr.	4 fr. + 7 fr. = 11 fr.
5 fr. + 7 fr. = 12 frs.	5.50 fr. + 7 fr. = 12.50 fr.

And in the instructions of the Federal Office to the sickness societies, it is explicitly stated that the subsidy for mountain districts will be granted as a supplement to the ordinary subsidies.

The same instructions also make clear the bearing of paragraph 1 of art. 37, in accordance with which in the mountain regions where communication is difficult and the population scanty, "the Confederation grants the societies subsidies in behalf of cantonal or communal institutions, for the purpose of reducing the cost of the treatment of the sick or of women in their confinements. These subsidies may not exceed the total of those granted by the cantons, the communes or third parties, nor the amount of 7 francs a year per person of the population concerned. The Federal Office may subordinate the grant of the subsidy to the foundation of an insurance society in the commune."

By virtue of this provision the benefits of the law will be enjoyed even by the poorest classes of the rural population, inhabiting these mountain districts, where the movement in favour of the development has not found many promoters or proselytes, in view of the climatic conditions and the deficient means of communication, on account of which the cost of medical attendance and medicines is always very high. Therefore, in these districts, even if there are no insurance societies, properly so called, fulfilling all the conditions laid down by law for their recognition, subsidies will be granted, without restriction, to all those institutions aiming at the reduction of the cost of the treatment of the sick, that may be instituted in mountain districts. Thus, for example, the subventions would be given in the case of agreements by which the high mountain communes assist doctors and nurses allowances for removal or residence, the use of carts, or cars, etc.

As we see from the provisions of the above law, the Confederation subsidy is in proportion to the number of those concerned: thus, according to an example given by Dr. Gutknecht, let us suppose a mountain commune with 300 inhabitants, spending annually 800 frs. for the facilitation of medical attendance, and that a local benefactor gives 100 frs. a year for the same purpose. The total amount spent in the commune for medical assistance amounting to 900 frs., a year, the federal subsidy will also be 900 frs. Then, in the following year, the commune grants a larger allowance for the same service, for example 1,100 frs. and the benefactor continues his grant the Confederation subsidy will not be 1,200 frs. (that is equal to the amounts given by the commune and the benefactor), but, if the number of inhabitants remains unchanged, it will still be, as in the previous year, 900 frs. ( $300 \times 3$  frs.).

However, the grant of this subsidy must only be temporary, until that is, also in these mountain regions, insurance societies are formed with a claim to be recognised. The formation of these societies accords with the interest of the cantons and communes concerned, since the annual federal subsidy would then be not only 3 frs. per member of the population, but, as we have seen, might amount, according to circumstances, to from 10 frs. to 12.50 frs. per person insured.

It has also been asked whether it is possible to unite the supplemental subsidy to insurance societies in mountain districts with the subsidy to cantons and communes in behalf of institutions for reducing the cost of the treatment of the sick. Let us imagine a commune, including within its boundaries fertile valleys and high mountain hamlets; in the former it will be easy to found insurance societies with right to recognition and therefore to the federal subsidy (7 frs. at most, per policy holder), in the latter it will be often impossible to start a real insurance society and in that case a federal subsidy may be allowed to the commune (at most 3 frs. per member of the population concerned, that is only of the high mountain population). However, in practice, it will perhaps be more convenient in this case that the second subsidy be granted in accordance with a uniform standard.

It is finally to be observed, in regard to this art. 37 of the law of June 13th., 1911, that it reasserts the principle, by which several laws of the Confederation have already been inspired (let us especially mention the federal law of December 22nd., 1893 on the improvement of agriculture, in the part relating to subventions for the development of agricultural livestock and his insurance societies), namely, that "the canton must be able to count on the assistance of the Confederation, but only, when, on its side, it fulfils its obligations."

### § 3. THE RELATIONS BETWEEN THE INSURANCE SOCIETIES AND THE DOCTORS.

The problem of the relations between the sickness insurance societies and the doctors, the cause of serious difficulties, not only in Switzerland, also in Germany and other countries and solved by the law of June 13

Art. sanctioning the principle of conditional free choice, is also clearly stated in the Instructions of the Federal Office, with which we are dealing.

The general principle laid down in art. 15 of the law is that every patient must be able to choose a doctor among those practising in the neighbourhood of his place of residence. But the rules of the societies may limit this principle in two ways. First of all, the societies may enter into agreements with the doctors and medical associations (on the basis of the rules established by the cantonal authorities, and indicating the maximum and minimum payment for each case of medical treatment) and entrust the treatment of their policy holders entirely to them. In the second place, the policy holders lose their right to choose their doctors when they have been taken to hospital and entrusted to the care of the doctors of the hospital.

In small villages and hamlets, where there is generally only one doctor, practically the liberty of choice of doctors, limited by the contract the society has concluded with the local doctor, will be equivalent to absolute freedom of choice. Yet even for the rural insurance societies, it will be convenient to enter into agreements with the local doctor, as they might result in a decrease of the cost of medical assistance. In fact by these agreements the society guarantees the doctor compensation for his trouble and his visits, and the doctor no longer runs any risk through the insolvency of his patient.

In connection with these agreements between the societies and the doctors in art. 16, the law provided that doctors, regularly practising at least a year in the district of the society, may accept these agreements by a simple declaration. This provision is in the interest of the insurance societies, which are thus not obliged to enter into agreements with all the doctors, and again, if the medical service hereafter necessitates an increase of staff, are authorized to arrange with other doctors, even if they have been practising in the district for less than a year (1). In paragraph 1 of article 16 the law limits the general rule, declaring that "if in the mountain regions, where communication is difficult and the population scanty, public compulsory societies have concluded an agreement with doctors guaranteeing them an annual allowance, the societies have the right to prevent other doctors adhering to the convention."

It will be more difficult, naturally, for the mountain societies to induce a doctor to settle within their boundaries, where his work will be more tiring and less remunerative, and they will have at least to guarantee him an annual allowance. Yet, if a doctor of a neighbouring district applies afterwards for appointment as doctor of the society, this might so damage the first doctor, that, in spite of the annual allowance, he would no longer find the agreement entered into advantageous. Therefore, the liberty of doctors to adhere to the agreements already made by the society, in this respect limited. The law has considered that the chief advantage for the mutual aid societies for the peasants is not so much that they

(1) In fact, as we see from the text of art. 16, the provision regarding the term of one year only applicable to the doctors and not to the societies.

guarantee sick pay, but rather that they organize medical assistance more economically than the isolated farmer can, and by the above provision it has decided to facilitate the recruiting of a technical staff the mountain societies.

The same rule of limited free choice applies in the case of apothecaries that is, every patient may choose his apothecary, among those established in the neighbourhood of his place of residence, but, on the other hand, societies may, in accordance with special tariffs, fixed by the cantonal authorities, enter into agreements with apothecaries and associations of apothecaries and entrust the service of the supply of medicines exclusively to them. The instructions of the federal office observe, in this connection that the provisions of article 16 of the law, in virtue of which the adherence of other doctors to the convention already entered into may be prevented by the societies in mountain districts, where communication is difficult the population is scanty, does not apply in the case of apothecaries.

It is characteristic of the order on sickness insurance, as instituted by law of June 13th., 1911, that it is easily applied to the mutual aid societies and the insurance societies already existing in the country or to be constituted in conformity with the law.

The societies are not bound to apply to the Federal Office for recognition; and in case they ask for it and obtain it, they do not therefore acquire the character of public institutions; the recognition only enables them to obtain the federal subsidy.

As regards their legal form, they may be constituted as co-operative societies or associations, according as their prevalent object is economic or not, or again as foundations. Generally, as it cannot be said that the society, in granting assistance to the sick policy holder is performing an act of benevolence, since this assistance is only the return for the premiums paid by the policy holder himself, the society will form a union of persons for economic object, and must be organized as a co-operative society, according to the provisions of the Civil Code. But the fact that the principal object of the society is not economic, but, on the other hand, political or religious will not cause it to lose its right to be recognised. The essential thing is that the society subventioned by the Confederation must be well organized and that the policy holders may have full confidence in it.

As has been said, the first chapter of the law on sickness insurance comes into force on January 1st., 1914; in view of the favour with which the law has been received by all the advocates of thrift and social health and the interest taken in it by the Federal Office and the professional associations, there is no doubt it will be applied regularly and without difficulty.

## Part III: Credit

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### GERMANY.

#### I. WORK OF THE EAST PRUSSIAN LANDSCHAFT FROM 1788 TO 1913.

On the occasion of the hundred and twenty fifth anniversary of its foundation just celebrated, the East Prussian Landschaft issued a report completing that published by it in 1888 for its centenary, and especially concerned with the last twenty five years. With the help of this publication, and of certain figures derived from other sources, we shall give a short account of the successive development of this organization which has always been one of the most important land credit institutes in public law in Germany. The recent undertakings for the dismortgaging of rural landed property particularly deserve very special attention, for, thanks to them, this Landschaft has become the leader of the institutions of this kind and has opened the road for a wider application of the agricultural credit system the Landschaften represent. Like the Landschaften of Silesia, Brandenburg, Pomerania and West Prussia, founded before it, that of East Prussia was intended at the start to be a credit institute for the noble land holders, and was founded to alleviate the difficult financial position of the landed aristocracy. This limitation is not to be considered as an attempt against the interests of the peasants' holdings, for it was in harmony with the political, social and economic conditions of the time. It was calculated that the only agriculturists in a position to benefit from a credit regime were the nobles. Consequently, a large number of the landed proprietors, above all small landholders, could not have recourse to the Landschaft. But the management of the East Prussian Landschaft has always taken account of the changes in the economic and social conditions and introduced improvements into the constitution of the *Landschaften*. Thus the distinction of classes and the different treatment of



large and small holdings have gradually lost all their significance. Nowadays, the business of the *Landschaft* is extended to all the farms in the province in which it has its head quarters, for any economically independent landowner has a right to credit, on condition that his holding is valued at 1,500 marks at least. The minimum area necessary in order to obtain a loan from the *Landschaft* for the farm varies, therefore, between 3 and 7 hectares; these are, according to circumstances, the lowest limits of the area of a farm on which a family may be maintained with the produce without having to resort to an accessory occupation.

At the start, the progress of the *East Prussian Landschaft* was impeded by bad harvests and by war. It was especially hampered by the upheavals following each other between the years 1805 and 1813, at which time East Prussia was occupied by large bodies of hostile or foreign troops, devastating it. It was then that the public land was included in the *Landschaftverband* in order that the State might issue land bonds to pay the war indemnity. It was then that for the first time the field of operations of the *Landschaft* was extended to include holdings not belonging to the nobility. The fact that it was not only possible to preserve the *Landschaft* under these difficult circumstances, but also to utilise it to support the authority of the State, attests the effective value of the general guarantee, in accordance with which all the affiliated landed estates constitute security for debts contracted by the *Landschaften* in the issue of land bonds. On the other hand, it was precisely in consequence of the intervention of the State as principal member, that the collective security was not sequestered.

In the second quarter of a century of its existence, the *Landschaft* of all had to make most energetic efforts to meet its engagements and repair the losses suffered by the holdings. It thus restored credit which had been almost destroyed. During this period, with the effective support of the State, it saved a large number of landowners of East Prussia from disaster when they, as a result of the deplorable events of previous years, were within an inch of ruin. But, in the following years, it principally tried to secure itself as far as possible against the eventual return of such unfavourable circumstances, by only granting loans with the utmost prudence and limiting the amount of credit. In addition, it attempted to increase its funds by making its members pay considerable sums by way of participation towards the working expenses and maintaining a high rate of interest on loans. Whilst in 1837 the interest on land bonds was lowered to 3½% on account of the better conditions of the market, the debtors had to pay from the beginning up to 1843, 4½% and then, up to 1863, 4%; in addition, there was a special charge of ½% levied up to 1861 for the consolidation of the share capital of the *Landschaft*. The work of the *Landschaft* for the satisfaction of the needs of its members by the provision of the necessary credit at low interest now became subordinate to that of strengthening and consolidating the institution. The consequence was that many loans were repaid by the borrowers, who applied to private individuals for credit. The admission of peasant landholders into the *Landschaft* in 1849 did not at first lead to a considerable demand for loans.

In order to explain more clearly the period of the development of the Landschaft with which we have been dealing up to the present, we reproduce the figures in connection with the loans granted during the period. They taken from the diagrams in the report referred to above, and serve excellently to show the work done by the institution. In the first years of its existence the number of bonds issued by the Landschaft soon amounted to 100,000 thalers (in 1810). For about forty years the amount remained about the same and only began to increase appreciably after 1850. From 1851, at 11,000,000 thalers in 1851, it rose to 13,000,000 in round numbers in 1861, and, with constantly increasing rapidity, to 23,000,000 in 1868 and about 100,000,000 marks in 1877. The number of holdings for which credit was granted did not increase in the same degree, for the average area of the holdings and the average amount of the loans did not remain the same; but in certain periods the increase in the number of holdings was sometimes greater than that in the amount of loans. The number of holdings mortgaged increased very slowly from 516 in 1810 to 540 in 1820 and 590 in 1831; in 1852, the amount of the loans remaining almost equal, increased to 1,408, in 1861 to 1,613 and in 1872 to 3,309. The development of credit business since 1860 has increased without interruption and more and more rapidly up to the present moment as the following figures show:

Year	Number of Holdings on which Credit on Mortgage was Granted	Amount of Land Bonds in Circulation (in Millions of Marks)
1863 . . . . .	1,693	47.2
1871 . . . . .	3,081	92.1
1879 . . . . .	4,549	148.9
1887 . . . . .	7,447	239.3
1895 . . . . .	10,725	302.3
1903 . . . . .	14,062	384.4
1907 . . . . .	15,223	421.5
1912 . . . . .	16,614	481.4

This magnificent progress is due to a series of different causes. In the first place, in the early sixties, the additional charges imposed on the debt to cover the working expenses were reduced, as also at the same time the amount of interest they had to contribute was reduced to the amount necessary for payment of interest on the land bonds issued for the amount of credit granted. In addition, like the majority of other similar institutions, in 1866, the East Prussian Landschaft, which had formerly granted loans on the basis of half the value of the holdings, now granted them on the basis of two thirds, though demanding compulsory repayment in instalments in the case of holdings burdened to an amount of more than half their estimated value. This condition permits of the cancellation of loans contracted by persons or private institutions for amounts superior to those formerly

granted by the Landschaft. It was above all peasant holdings that profited by these facilities. The rules laid down in 1878 in connection with new principles of valuing land and holdings had also a very considerable influence on the further progress of the Landschaft. After extensive preparatory study, bases were established for the valuation of the various classes of farms, the great advantage of which was that they were clear and could be understood by every body.

But what above all led to the increase of the credit of the Landschaft was the foundation in 1869 of the *Ostpreussische landschaftliche Leihenskasse* (Loan Bank of the Prussian Landschaft), now called, *Bank der Ostpreussischen Landschaft*. Its chief object was to facilitate the grant of credit on mortgage by the institute and especially provide debtors as find it difficult to pay their debts with the necessary capital at the right moment, under the form of temporary credit, to procure capital for those in need of it by means of its intervention with private capital and undertakings, and sell the land bonds of the Landschaft as profit as possible.

Besides all these, another important factor contributing to the development of the credit business of the Landschaft was the policy of the land bonds, for on the quotation of these essentially depends the rate of interest on the loans. We may fix this rate approximately according to the class of securities issued at various dates. Up to 1837 only bonds were at 4 %. For these, bonds at 3½ % were substituted but between 1859 and 1885 the 4 % type had again to be issued in large numbers. Besides in the period 1867-1880, there were temporary issues at 4½ % and in 1870-71 at 5 %. The continual lowering of the rate of interest on safe investments made it possible in 1880 to convert bonds from 4 % to 4 % and in 1886 from 4 % to 3½ %. From that date up to the present the latter rate prevailed and these bonds are still to day the most in common. In 1895 issue was even made of land bonds at 3 %, which are still to be found, but are tending to disappear. Finally, since 1900, when money became dearer, 4 % bonds have been again issued and are now almost exclusively issued. The desire of the land holders that the bonds delivered to them should represent the nominal amount of the loans granted may be realisable with a minimum of loss has had decisive influence on the alternate issue of the various types of land bonds.

The East Prussian Landschaft has given proof of intense activity which has led it to new undertakings, since the year 1906, when Dr. Kapp was placed at its head as general manager. The new manager started with the idea that a Landschaft cannot limit itself exclusively to the issue of land bonds but that it must also assist in the solution of other problems and that it must before all things help in the accomplishment of the greatest task the present agricultural policy has to undertake: the consolidation and preservation of rural landed property and the modification of the distribution of holdings in accordance with the requirements of the age. For the accomplishment of this mission, the Landschaft has successively taken a series of steps and introduced new principles in its working, tending, on the one hand, to

facilitate the grant of agricultural credit above all to small peasant landowners, and to render it cheaper, and on the other hand to dismortgage land-property. It has been impossible to realise the scheme for the foundation of an agricultural colonisation bank, for the purpose of increasing the number of small peasants' and workmen's holdings, as it has not received the approval of the State (1).

Dismortgaging is arranged either by the Landschaft granting a larger loan, or by the proprietor insuring his life in the institute expressly founded for the purpose by the Landschaft. We shall deal with this second method in one of the following numbers of this Bulletin; for the present we shall only speak of the first manner of dismortgaging. In order to obtain a loan for the purpose exceeding the ordinary limits of credit, it must be made impossible for the holding to be indebted beyond a certain limit (*Verschuldungsgrenze*), in accordance with the law of August 20th, 1906, the owner must undertake to pay instalments until all mortgages amounting to more than half the value of the holding, as estimated by the Landschaft, have been cleared. The larger credit may consist in a loan of five sixths of the value of the property according to the valuation made by the Landschaft, with a view to the clearance of mortgages and land taxes; but it may also consist in the grant of special loans to meet the expenses necessitated by measures and installations for the permanent improvement of the farm. In order that these credits may be granted in the indebtedness of the property is not limited, special securities called *Landschaftliche Schuldverschreibungen* are issued. The total amount of the credit granted beyond the ordinary limits may not exceed 100,000 marks. No further increase can be authorized without the approval of the Ministers of Justice and Agriculture. By thus limiting the amount that may be used for the dismortgaging of land, it was intended to protect the Landschaft against any danger of its credit being overextended. The danger is, however, very slight. This is seen in the comparison made a few years ago between the estimations made by the Landschaft of the real selling price of a certain number of holdings which changed hands. This comparison showed that the valuation on which the loans were based was only 61 % of the price of sale, so that the loans based on one third of the estimated value really corresponded to 41 % of the market price.

The East Prussian Landschaft began, in Autumn, 1908, to conduct operations of this kind with the object of facilitating dismortgaging. On November 1st, 1912, 98 holdings of a total area of 12,387 hectares, had been subjected to the rule for the limitation of indebtedness (*Verschuldungsgrenze*); its value is estimated by the Landschaft at altogether 8,807,168 marks. Of amounts lent in land bonds, 5,870,850 marks represented loans made of two thirds and five sixths of the same value. Further, 700,400 marks had been granted by means of issue of bonds (*Schuldverschreibungen*) for

(1) See the Article on Home Colonisation in Northern Germany in the number of Bulletin for September, 1913, p. 106.

dismortgaging or improving the holding. Thanks to this action of the Landschaft and the loans for dismortgaging granted by it, the holdings have been cleared of private mortgages amounting to 2,066,450 marks. In 56 cases they were completely cleared; in 42 others there remain other mortgages of a total amount of 1,616,871 marks. The total year payments increased from 425,649 to 441,756 marks in consequence of the increase in the amount of the instalments for extinction of the debt, although the amount of interest paid decreased from 400,170 to 370,295 marks.

As land holders who desire to contract loans, feel a certain unwillingness to accept the limitation of their indebtedness (*Verschuldungsgrenze*) which restricts their right to the free disposal of their land, and, therefore diminishes its value, the Landschaft has thought of making use of its bank for dismortgaging business. In 1909, it founded a savings department of the Bank, in addition to the deposits department, in order to obtain the funds to enable it to supply agriculture with the money it requires under the form of real and personal credit. The Bank was quite special in utilizing a portion of the deposits so obtained for granting loans on second mortgage, with the obligation to repay in instalments, for the purposes of dismortgaging, without insisting on the limitation of indebtedness. This scheme, however, did not receive Government approval. The Government only allowed the grant of mortgages on from two thirds to five sixths of the value of the land as estimated by the Landschaft, and the utilisation for this purpose of half the total amount of deposits and savings deposits. The limitation of indebtedness being maintained, that is to say, on the conditions on which the Landschaft grants loans for dismortgaging.

The East Prussian Landschaft has given special proof of its activity in recent years in the direction of protection of small holdings and average sized holdings. Herr Bon, General Manager of the Landschaft before Dr. Kapp, had already exerted himself untiringly to provide the small farmer with the land credit they needed from the institution under his direction and endeavoured to facilitate their entrance into the Landschaft by decreasing the expenses in connection with valuation. Under Dr. Kapp's management, these efforts have been continued ardently and successfully. It is above all thanks to the foundation of a real network of branches of the Bank that the Landschaft has come into considerably closer connection with the small proprietors and become more accessible to them.

The advantage of an organization of this kind has already been considered several times, as the want of agencies serving as intermediaries for the business of the Landschaft in the various localities was strongly felt in the course of the attempts to attract the landholders. For a long time, however, the Landschaft contented itself with an agency at Königsberg and another in the province. It has only been since 1905 that there has been a considerable increase in the number of intermediary institutions. Now the Bank has 7 agencies, 10 sub-agencies, and 82 offices for collection and for acting as intermediaries in the provinces; all of these have been of the greatest importance in increasing the amount of the loans of the Landschaft, in collecting interest on the loans, in providing information, as well as in facilitating

ing the savings and credit business of the Bank and carrying on propaganda in favour of life insurance.

As a result of these efforts the loans granted by the Landschaft to the peasant landholders increased between 1895 and 1912 as follows.

*Numbers of Holdings on which the Landschaft has granted Loans.*

Year	Up to 20 ha.	Between 20 and 50 ha.	Between 50 and 100 ha.	Above 100 ha.
1895	1.043	4.179	2.873	2.794
1912	3.600 (1)	6.700 (1)	3.400 (1)	2.900 (1)

These figures show that during the last seventeen years the proportion of the number of holdings of not more than 20 hectares to the total number on which loans have been granted increased from 9.6 to 21.7%; whilst, in the case of holdings of from 50 to 100 ha., it fell from 26.3 to 20.7 %, and in that of holdings of more than 100 ha., from 25.7 to 17.3%. The proportion in the case of holdings of from 20 to 50 ha., notwithstanding the fairly considerable increase to which the total figures testify, has remained nearly stationary (38.4 % in 1895 and 40.3 % in 1912).

The total amount of the mortgage bonds (*Pfandbriefe*) issued, was distributed as follows at the end of 1912 :

8,366	loans up to 10,000 marks.
6,056	" from 10,000 to 50,000 marks.
2,192	" above 50,000 marks.

The East Prussian Landschaft has thus recently become a credit institute of the first rank for small as well as for large holdings. Yet there still lies a very large field before it in which to make its action felt, in view of the debt on agriculture in the East of Prussia. In fact, in the province of East Prussia, only a small part of the 50,000 farms entitled by the law in force, to profit by the credit of the Landschaft (2), had recourse to it, while nine tenths of the 3,300 farms of an area of over 1,000,000 hectares profited by it.

We know that the Landschaften, owing to the special nature of their organization, do not require to have capital, for they grant their loans under

(1) These are round numbers reproduced from the report of the Landschaft quoted at the beginning of the article.

(2) See Prof. OTTO GERLACH : *Landwirtschaftliche Kreditreform und innere Kolonisation* (Agricultural Credit Reform and Home Colonisation). *Jahrbücher für Nationalökonomie und Statistik*, May, 1910, p. 633. Generallandschaftssyndikus Dr. LEWEEK: *Kleingrundbesitz und Preussische Landschaft* (Small Holdings and the East Prussian Landschaft). *Preussische Jahrbücher*, July, 1911, p. 76.

the form of land bonds and the general security of the land contribute by the members of the landschaft suffices to guarantee the holder of these bonds. However, the East Prussian Landschaft has always attached considerable importance to the constitution of large reserves, the advantage of which has been clearly shown, above all in difficult periods like those between 1880 and 1895. The fall in price of agricultural products at that time prevented many debtors from paying the interest on their loans. The consequence was an appreciable increase in judicial sales and insolvency proceedings which have given the Landschaft serious anxiety and much work. Steps have been taken to reinforce the sinking fund of the Landschaft which in 1886, was almost exhausted, in consequence of the conversion of the land bonds from 4 to 3 1/2 %. In 1905 this fund had again increased to 10,000,000 and in 1912 to 13,000,000 marks. At the same time the capital of the Landschaft was consolidated. In 1905 it amounted to 11,000,000 marks and on April 1st, 1913 to 13,000,000 marks, although in the interval two million had been transferred to increase the capital of the Bank of the Landschaft and form the capital of the life insurance institute.

Finally, we shall give some information in regard to the institutes founded by the Landschaft. Like the life insurance institute, the development of which we shall study in another article, the Bank of the East Prussian Landschaft is autonomous. As already said, the Bank renders the Landschaft precious services and, in addition, it does a considerable amount of banking business on its own account. In granting loans for working expenses to farmers, dealers, industrials etc., it distributes personal credit equitably over the whole province and thus at the same time hinders the unprofitable indebtedness of the rural population, who, without its support, would have to contract too heavy mortgage debts. By means of the deposits it receives and its savings department, it becomes gradually a sort of clearing house for the province, and, with the savings banks and co-operative societies on the one hand, attracts the available capital of the region in which it works and, on the other, furnishes money at low rates where it is necessary. Besides, by means of its business relations with a large Berlin Bank, the *Deutsche Bank*, and other private banks, as well as with the State Banks, it brings the credit of the province into close connection with the large financial market of the Empire.

In 1901 the capital of the bank amounted to 3,000,000 marks and on April 1st, 1909 to 4,000,000. This year it has increased to 6,000,000, of which 5,000,000 has been paid in cash by the Landschaft. In addition in 1910 it placed at the disposal of the Bank a special reserve fund (*Lombardierungsrücklage*) of 2,000,000 marks in 3 1/2 % land bonds liable, to be pledged in case of need. The ordinary reserve fund now amounts to 746,000 marks. We find a significant symptom of the rapid development of the Bank in recent years, in the fact that the total credits increased from 9,000,000 marks in 1905 to 28,800,000 in 1900 and to 53,000,000 on March 31st, 1913. The number of accounts has increased to an even larger extent. It was 2,000 on March 31st, 1905; it rose to 10,619 in 1910 and reached the amount of 17,673 in 1912. On March 31st, of 1913, there were 7,799 sav

its bank accounts alone, representing a total of 5,765,000 marks. The ordinary deposits amounted to 29,500,000 marks. The Bank further disposed of 1,441,000 marks of deposits in special accounts and 5,170,000 marks of deposits of public funds. It is an excellent source of revenue for the Landschaft. The net profits it pays over to the latter, after deduction of the increase of its reserve fund, have amounted in recent years to more than 7 % of its share capital.

Another institution, founded in 1837 by the Landschaft, the Landschaftliche Insurance Society (*Landschaftliche Feuer- und Lebensversicherungsgesellschaft*), united in 1908 with the East Prussian Fire Insurance Society, dependent on the Provincial Administration, forming with it, a single provincial fire insurance society. This union of the public fire insurance societies of the province was desirable both in the public interest and in that of the Landschaft. In fact, the society affiliated to the Landschaft, almost exclusively insuring rural buildings and doing only a limited business, could not consequently apply the law of "large numbers" and was unable to develop. The monopoly granted it in 1895, with regard to all the holdings serving as mortgage security for the bonds issued, was even a hindrance to the development of the loan business of the Landschaft, for any landholder contracting a loan had to go to the insurance society founded by the province. The Landschaft, taking part in the management of the new society is always in a position to safeguard its interests.

This brief historical notice suffices to show that the work of the East Prussian Landschaft is not confined to the concession of loans pure and simple. It has had a considerable influence on the whole economic development of the province, and is taking, especially at this moment, an active part in the important agricultural problems of its district. And, by the very fact that it does not appeal to the State to solve these problems but attempts to do so with its own resources, it gives a splendid example of an action worthy of the highest admiration.

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## 2. THE FOUNDATION OF AN AGRICULTURAL BANK FOR GERMAN SOUTH-WEST AFRICA.

Agricultural Credit is still quite insufficiently organized in the German Colonies (1). This is due to the fact that the development of these colonies is of quite recent date and the economic organization of new countries generally special difficulties to overcome.

Yet the indefatigable activity of those interested, and especially of German Colonial Society (*Deutsche Kolonialgesellschaft*), (2) has succeeded in finding a solution of the problem, at any rate for one of the colonies of German Empire. The Government and the Parliament decided this, to provide the money necessary for the organization of credit, first all, in the German South West African Protectorate, where the need felt most keenly and urgently. After the grant of a credit of 5,000,000 marks by the Reichstag on April 28th., 1913, the Imperial Decree of June 9th., decided the foundation of an Agricultural Bank at Windhoek, which will probably be able to commence work at the end of the year.

It was only after long discussion and after it was convincingly shown that the agricultural development of this country would be long hindered by the insufficient amount of available capital, unless the mother country gave effective support, that the system of direct State intervention was decided on. Only the formation of an active and capable class of farmers will enable the German Empire to remunerate itself in the future for the heavy expenditure it has supported in the maintenance and improvement of the Protectorate.

The German colonists in South West Africa generally bring with them only small sums which are all required for their first installation. They still have need of large amounts of credit to work their farms, still, for the most part, only in the first stage of their development.

There are three kinds of this credit: land credit, improvement or credit for working expenses. But up to the present the dearth of available capital in the Protectorate did not allow of this need of credit being supplied in sufficient degree nor at a fair rate of interest.

(1) Compare *Bulletin of Economic and Social Intelligence*, December 1912, p. 95.

(2) See *Die Landwirtschaftsbank für Deutsch-Südwestafrika* (The Agricultural Bank for German South West Africa), *Deutsche Kolonial-Zeitung*, May 3rd., 1913.

(3) This Decree and the Rules of the Bank were published in No. 13 of the *Deutsches Kolonialblatt* (July 1st., 1913) and a French Translation will appear in the next volume (No. III) of the *Annuaire International de Législation Agricole*, published by the International Institute of Agriculture.

Some of the colonists of this region have their real estate already heavily encumbered either with *Restkaufgelder* (Outstanding Balance of Purchase Price), or *Ansiedlungsbeihilfen* (Settlement Subventions), to be repaid to the State, or mortgage debts to private persons, for the most part of short maturity. These private debts have been contracted either for the purpose of carrying out improvements, or, as is most frequently the case, for that of the conversion of personal debts. The German South West African Central Co-operative Bank of Windhoek and the Gibeon Loan and Deposit Bank affiliated to it engage almost only in personal credit business in a systematic way. The former has considerably developed in recent years. Its situation is, however, rather delicate and it is naturally unable to satisfy the demand for credit addressed to it only out of the financial resources the Protectorate can supply. It would, however, be able to obtain the assistance it requires by entering into relation with the co-operative institutions of the Empire. Many think that the only way to meet the demand for credit is to organize co-operation on a larger basis. But one must consider that in a colony, where the rural population is small and very scattered, co-operation encounters much more serious difficulties than in Europe. In consequence of the relations between the farmers being so close, the mutual supervision which is particularly important in the colonies in view of the more precarious nature of the farms, cannot be exercised effectually enough. Besides, there is a deficiency of men fitted for the management of co-operative societies.

In any case, co-operative societies could never alone completely meet the demands for credit on the part of the colonists, even if they developed further, by means of State support, which would be extremely desirable. First of all, large sums, repayable at long date must be placed at the disposal of the farmers for the execution of works of improvement. Only in this way will it be possible to make a profitable use of the farms. In this way also a wider basis will be established for real land credit, for in a new country the soil and the farms only acquire greater value when capital and labour have been bestowed on them. The boring of artesian wells, particularly, is a work of the greatest importance in South West Africa and it is the duty of the State to provide the necessary funds in the general interest.

The principal business of the Bank, the foundation of which has been decided on, must consist in long term credit transactions. To avoid the heavy risks inherent in such business, the Bank must act with great prudence. According to the Report presented by Government to Parliament (1), the Bank loans properly so called must serve to convert short term mortgage

(1) "Denkschrift über die Errichtung einer Landwirtschaftsbank für Deutsch-Südwest-Afrika. Beilage zur Ergänzung zum Etat für das Südwestafrikanische Schutzgebiet auf Rechnungsjahr 1913". (Report on the Foundation of an Agricultural Bank for German South West Africa. Schedule to the Supplementary Estimates for the South West African Protectorate for the Financial Year. 1913). Reichstag. 13th. Parliament, 1st. Session. 1912-13. Berlin, Paper no. 10.

loans at a high rate of interest into long term loans at low interest; or by means of new mortgages to supply the capital necessary for the improvement of their farms to farmers whose farms are not too heavily burdened with mortgages and by the way they are worked justify the grant of supplementary credit. Its most important office will be to grant loans for farm improvement. These loans will have to be granted in such a way as to guarantee that the improvements are really carried out. With regard to the really essential form of improvement, the boring of artesian wells, the formation of private societies for the search for water will be encouraged, by the grant of credit to landowners for the work, the necessary payments being made, for their account, into the hands of the contractors. So that this work, which up to the present has been a charge altogether borne by the State, will probably be accomplished with greater rapidity.

Besides the grant of loans for improvement on mortgage, the grant of farm improvement loans without security, to communes, districts and societies of public utility, is also authorized. Improvements benefiting a larger number of persons will thus be facilitated.

Whilst in some of the Federated States of Germany land loans granted by public credit institutes for more than half the value of the land, in South West Africa loans cannot be granted to farmers for more than half the value. Only for improvements subject to supervision can they be granted up to the amount of two thirds of the value acquired by the land after the carrying out of these improvements. Yet if the loan exceeds half the original value of the land, it must not exceed the amount actually spent on the improvements. As a rule, loans must only be granted on first mortgages.

For further security, already increased by the limitations mentioned above, a very prudent system of valuation must be adopted. It will be well, for the purpose, to take into consideration, for example, the following points, the possibility of using the land for purposes of cultivation for the different systems of livestock improvement; the distribution and nature of the water on the farm, streams, wells and dams, and their respective numbers; average rainfall; building; fences; distances from the railway; distance from centres of habitation. Generally, no loan should be granted to farms not already being worked. In the case of land or farms already being worked, some conditions are essential, of a nature to guarantee to some degree a permanent return. Thus, still according to the above Report, the future working of the farm must at least be assured by the existence of an abundant supply of water, the buildings necessary for the colonist's dwelling and for the needs of the farm, a sufficient number of head of cattle, and a certain area of cultivated land. In estimating the value of the account should only be taken of the permanent agricultural features of the farm and the permanent yield it may give to any proprietor working it in a reasonable way. The value of the livestock on the farm must also be taken into consideration in valuing the farm itself. To allow of the gradual dismortgaging of encumbered land and to render the capital, the average

the amount of which is limited, accessible to as large a number of persons as possible, the amount of the instalments to be paid towards the extinction of the debt has been fixed at a rather high figure:  $\frac{1}{4}$  % for land loans, and 2 % for improvement loans, when the loan exceeds half the original value of the farm. In the latter case, however, the instalments only begin to be paid after a period of three years, for, before this, the effects determining the increased value of the farm are generally hardly appreciable.

The grant of short term personal agricultural loans or loans to facilitate the working of the farm does not come within the scope of the rural bank. However, with the authorization of the Chancellor of the Empire, the Bank may support a credit institute for the purpose of transacting personal credit and especially co-operative personal credit business, or may itself create an institute of this character. In this case, the contribution of the Bank must not exceed one tenth of its initial capital or a million of marks, and the risks assumed by the Bank must not exceed this amount. It is hoped that in this way the basis may be laid for a good organization of co-operative credit for German South West Africa, where it is necessary to act without delay. This organization, besides, will in no way hamper the special work of the rural bank.

Independently of its principal business, the Bank is authorized to perform certain other accessory duties coming within the sphere of public interest and advantageous, or at any rate not prejudicial, to it. Let us mention among these: the collection of Government dues in the territory of German South West Africa, especially the collection of the instalments of the balance of purchase price (*Restkaufgelder*) and the interest thereon, of the settlement subventions (*Ansiedlungsbeihilfen*); the transaction of cash business for the administration, such as the keeping and administration of official deposits. Deposits from private persons can only be accepted to a limited degree, in so far as they have relation to the ordinary loan business of the Bank, and not in current account.

Although the initial capital of the Bank is entirely formed out of public funds, it was, however, desired to avoid the foundation of a State Institution, so as to assure the new establishment a certain independence within limits compatible with its organization and a strict supervision, and so not to increase the number of civil servants in the Protectorate beyond what is necessary. On the other hand, as the form of a society in civil law makes the participation of the State too difficult; and as the general conditions for the foundation of a mortgage institute, based on the principle of self management and the general liability of those contracting loans, on the model of the Prussian *Landschaften*, are not to be found in South Africa, it has been decided to give the Bank independent civil personality in public law. The President and one other member of the Board of Management are appointed by the Governor of the Protectorate, acting in the name of the Bank. They are public officers; however, their salaries are those of the other employees are paid by the Bank. In addition, there are three honorary members on the Board. These and their deputies are

chosen by the Governor for three years with the advice of the representatives of the population, the *Landesrat*. They must have their residence in the Protectorate and only be compensated for their expenses. Questions before the board of management, which has to deal with the general current business, are decided by a majority of votes, so that the votes of honorable members may be decisive. In addition, a Commission to be appointed by the *Landesrat* must examine the balance sheet and the profit and loss account. Independently of this intervention on the part of the *Landesrat* and the co-operation of the honorary members in the work of the Board of Management, the district boards (*Bezirksräte*), autonomous political administrative bodies, must give a great deal of assistance to the central administration of the Bank. The participation of the local population in so many ways in the fulfilment of the duties incumbent on the Bank affords security that their necessities and experience will be sufficiently taken into consideration in the direction given to the business.

The fact that the State has provided the money administered by the Bank renders it necessary to have a supervising body to see that the conditions established in the public interest are observed. For the purpose, the Government has been given a general right of supervision. In addition it must approve the general principles on which the business is managed as well as the balance sheet, the use made of the surplus profits, the annual estimates of expenditure, real and personal, and the appointment of superior officers. However, the supervising body is not authorized to occupy itself with the matter of the decisions come to.

The funds of the Bank consist in the first place of an initial capital of 10,000,000 marks, 5,000,000 of which were placed at its disposal at start. After the Bank has constituted its reserve fund it will have to pay interest on the amounts granted it at a rate not exceeding 4%, out of the balance of its net profits. The Bank may further obtain the capital it requires by issue of bonds to bearer, for which it alone is liable. The mortgages, claims, securities and money covering these bonds must serve to guarantee the holders. A registrar is appointed by the Government. A Government Commissioner acts as trustee (*Pfandhalter*). The maximum amount of bonds (*Pfandbriefe*) the Bank may put in circulation, in accordance with the above rules, and with the previous approval of the supervising body and the Imperial Chancellor, is fixed at ten times the amount of its initial capital. The rate of interest on these bonds will depend on the conditions of the financial market at the date of issue, but will always not exceed that on the land bonds of the German mortgage banks.

As we see, this is a large programme, the carrying out of which must certainly have an important influence on the agricultural development of the Protectorate.

## SWEDEN.

### AGRICULTURAL CREDIT IN SWEDEN

by

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#### SOURCES:

2-SMITH (A.); *Om kreditanstalter för det svenska jordbruket (Rural Credit Institutes in Sweden)*. Stockholm, 1892.

DESS ALLMÄNNA HYPOTHEKSBANK., 1861-1911. (*General Mortgage Credit Bank of Sweden from 1861 to 1911*). Stockholm, 1912.

26. FÖRORDNINGAR ANGÅENDE SVERIGES ALLMÄNNA HYPOTHEKSBANK och angående allmänna grunder för hypoteksföreningars bildande och framtida verksamhet, den 16 maj 1890 (*Royal Orders of May 16th., 1890 on the General Mortgage Credit Bank of Sweden, the Constitution of Mortgage Credit Associations and their Work in the Future*).  
FÖRORDNING om förändrade allmänna villkor och bestämmelser för den af staten utöfvade egendomslånerörrelse, samt särskilda föreskrifter till iakttagande af boshållningsförsäkring, aktiebolag eller föreningar hvilka vilja erhålla statslån från egendomslånefonden, den 13 juni 1908 (*Royal Decree of June 13th., 1908 relating to the Amendments Introduced into the General Conditions and Provisions Governing the Loans Granted by the State to Small Holdings, as well as the Different Rules to be Observed by the Mutual and Limited Liability Societies and Associations Desiring to Receive the Loans the State Grants for the Constitution of Small Holdings*).

#### § 1. THE CONDITIONS OF SWEDISH AGRICULTURE.

Sweden has always been, from remote ages, an eminently agricultural country, agriculture sufficing almost entirely for the support of the people employing the greater part of the population. The predominant economic importance of agriculture has been greatly reduced in modern times. The great development of industry attracts a continually larger proportion of the rural population, and now the industrial output far exceeds the average yield of a harvest. But although the agricultural position has diminished in proportion to the total number of inhabitants, 71.87 % in 1870 to 53.67 % in 1900, the date of the last census, agriculture still occupies a larger proportion of the population than any other

profession, and, as regards the importance of its production for the nation it still ranks first.

The economic importance of agriculture is also proved by the fact that the value of the agricultural land was estimated in 1908 at 3,877,000,000 crowns out of the 14,000,000,000 at which the whole wealth of the country was reckoned.

## § 2. HISTORICAL SKETCH OF THE DEVELOPMENT OF THE ORGANIZATION OF LAND CREDIT.

The economic conditions of agriculture are therefore of the greatest importance for the country, and the State perhaps intervenes in Sweden more than in any other country with measures for its encouragement.

However, the attention of the State has been directed to agricultural credit later and in a less degree than in most other countries. Agriculture has long preserved its character of a natural economy, providing for the population with nearly every means of subsistence, and under these circumstances the need of the farmers for fluid capital and credit was slight.

The principal object for which it was formerly necessary for a Swedish farmer to borrow was for clearing the soil.

For the purpose, the Parliament granted credits out of which loans have been granted for large agricultural undertakings. In addition to these loans, the object of which was not specified, were granted by the State Bank, by private banks (the first founded in Sweden in 1830) and by private individuals. Yet, the supply of credit being very limited, the mortgage debt on agricultural real estate was still inconsiderable at the beginning of the nineteenth century and only burdened large estates.

However, the need for loans not repayable on demand, increased during the agricultural crisis between 1818 and 1830, led to the foundation of mortgage associations, 10 of which were created between 1831 and 1861, 1 for a definite district, generally including several provinces.

These associations were organized on the model of the German "Landschaften", but differed from them in several important respects. Swedish associations were quite independent of the State, except that they were bound to get their rules approved by Government. Their membership was not limited to a special class of land, but any owner of a holding in a district of a mortgage association might obtain a loan from it, if the value of the holding was not less than a certain amount, which was very low.

The members of the society were not exclusively borrowers. Any landholder might be a member, without receiving any loan, but he was obliged to make a minimum number of deposits.

The member's right was not personal, but attached to the holding and ceased in the case of transfer. The funds were obtained by means of bonds payable to bearer secured on the total assets of the association. The loans

paid in money, account being taken of the nominal and real value of the corresponding bonds, whilst the *Landschaften* deliver bonds for the amount of the loan, secured on mortgage of the real estate of the borrowers in order that they may sell them to the best advantage.

The mortgage associations were quite independent of each other; they acted individually and were often competitors for loans.

The associations fulfilled their mission well enough at the start. In 1861, they had granted 77,000,000 crowns in long term loans, that is more than a quarter of the amount at which the mortgage debt on Swedish agricultural land is estimated, whilst, before their foundation, the indebtedness, exclusive of State loans, was represented by bonds at a higher rate, payable on demand at any moment. However, as a result of the serious financial crisis of 1857, the associations could no longer negotiate the necessary loans on the conditions laid down in the rules, which caused so much greater difficulties as the need of credit was the more keenly felt owing to the bad harvests of the years 1857-59.

An attempt was made to remedy this by centralising the provision of loans, and there was the more reason for the State contributing to a reform of this kind, as the low quotation of the bonds of the mortgage associations on foreign markets made it difficult for the State to borrow. In addition, it was desirable that the security of the bonds should be increased by a State guarantee, though with a minimum of risk for the State.

### 3. THE GENERAL MORTGAGE BANK. — ITS ORGANIZATION AND WORK.

The necessary reforms were effected in 1861, thanks to the foundation of the Swedish General Mortgage Bank for the negotiation of loans for providing the necessary funds for the agricultural mortgage associations. It was granted the exclusive right of issuing bonds to bearer, on the security of the real estate of the borrowers, and endowed with a fund of 2,000,000 rixdalers (8,000,000 crowns or 11,200,000 frs.) in State bonds not payable on demand. The bank was only to have as members agricultural mortgage associations, organized in accordance with the principles laid down in a Royal Order of the same date. The loans of the National Loan Bank, secured on agricultural real estate were at the same date transferred to the bank.

The reform at once produced satisfactory results. The Bank was in a position, in the following years, to negotiate considerable loans on conditions distinctly more advantageous than those previously obtained by the mortgage associations. However, the unfavourable conditions which began to present themselves about 1865, obliged the Bank to contract loans at a higher rate than its rules allowed it to ask on mortgage loans. The bank was therefore under the necessity of issuing bonds considerably above par.



When after 1875 money became more abundant and the rate of interest again fell, the Bank profited by the occasion to convert its previous loans and make new ones. On its side, the Bank was obliged by circumstances to convert the loans it had made into other loans on more favourable conditions, but the previous loans, issued below par, could not be converted or repaid, as it was difficult for the debtors to pay their debts at par.

New difficulties therefore arose, which led in 1890 to changes in the rules of the mortgage bank and the mortgage associations. Further, the credit of the Bank was reinforced by State bonds the value of which amounted to 30,000,000 crowns. (42,000,000 frs.).

The rules thus established and now in force for the Mortgage Bank and the Mortgage Associations, its members, contain the following provisions with regard to the organization and working of the Institute.

The administration of the Mortgage Bank is in the hands of a president appointed by the King, a vice president, appointed by the delegates of the Public Debt and three other members elected by the Mortgage Associations. The rules, which must be approved by the King, cannot be amended without the consent of Parliament. The Mortgage Bank, the only department of which is to obtain loans for the Mortgage Associations, which are its members, has the monopoly of the issue of bonds secured on rural real estate. The share of the associations in the Bank and their liability for its engagements are in proportion to the amount of loans not repaid, the minimum share being 1,000,000 crowns.

The special fund of 30,000,000 crowns formed by the State cannot be used for the operations of the bank, but only for the fulfilment of the engagements of the Bank to convert earlier bonds issued below par, or if it is temporarily without other available funds. In the latter case, it is bound to raise an amount corresponding to that it has withdrawn from the special fund by means of the issue of new bonds.

The associations are jointly and severally liable for the loans of the Mortgage Bank, and the borrowers of the mortgage associations are in turn liable for those on their land mortgaged, in proportion, in both cases to the amount of their unpaid debts.

Contracts for loans made by the Bank may be denounced by it after a certain term, at most ten years after the loan is made. In the same way those made by the mortgage associations may be denounced at the end of 10 years and made repayable at one year's notice. The difference between the amount of the loan really paid up and the amount due, as well as the costs in connection with the loans, are charged against the mortgage associations and are paid either at the date of repayment of the loan or within a term of ten years. The amount of the loan is paid in money to the Mortgage Associations and by them to their borrowers.

The profits of the business of the Mortgage Bank serve to constitute a reserve fund to cover the whole or part of the working expenses and reduce the rate of interest on current loans.

The mortgage associations grant loans to landholders at 4 % on the mortgage up to a maximum equal to half the value of the land excluded

buildings and forests. The calculation is made in very different ways in the various parts of the country, so that the value of farms of the best quality varies between 450 and 1,200 crowns, and that of the worst between 100 and 300 crowns. The minimum amount of a loan is 500 crs.

The operations are conducted in one or other of the following ways.

I. Loans repayable in annual instalments (for half the estimated value);

(a) Loans repayable in annual instalments at 6 % in 28 years ;

(b) Loans repayable in annual instalments at 4½ % in about 56 years.

II. Loans not repayable in instalments, maximum 25 years (for ½ of the estimated value).

The borrower pays 1/20 % of the amount of the loan towards the working expenses.

In proportion as he repays the loan to the Mortgage Bank, or the Mortgage Associations, the borrower has the right to make use of the portion of the guarantee now exceeding the balance of his debt.

The Mortgage Association must be advised of the transfer of mortgaged estates to other proprietors within the year, otherwise the contract may be denounced and repayment exacted within the following year.

The debt of the Mortgage Bank in bonds amounted at the end of 1912 to 296,276,073 crowns and the loans not repaid by the Mortgage Associations to 299,227,252 crowns. The credits of the Associations for loans granted amounted altogether to 298,467,717 crowns, whilst the value of the mortgaged land was 877,468,877 crowns. The reserve funds of the associations increased by from 1.31 to 4.61 % of the total amount of their assets.

The loan business of the Associations has been successful, as only 6 holdings have had to be bought to meet mortgage claims. The definite assets up to 1911 amounted to 650,000 crowns, while up to that date loans had only been granted for 373,000,000 in all.

It is impossible to determine what proportion of the total mortgage debt of the country is represented by the mortgages of the Mortgage Bank. The whole mortgage debt of the country amounted at the beginning of 1911 to 2,002 million crowns as against 1,235 million in 1901. We do not know by what proportion of this amount rural dwellings and industrial establishments are burdened, but, to throw a little light on the matter, we may say that the total value of the agricultural real estate was declared as 2,960,000,000 crowns in 1911 and the value of the other real estate as 1,196,000,000 crowns respectively 4,144,000,000 and 1,674,000,000 francs).

The Swedish Mortgage Associations, like the corresponding institutions in other countries, only aim at meeting the requirements of large long term debt and their debtors are generally owners of very large estates or at least of holdings of average size.

In accordance with the progress of the democratic tendencies of our time in 1904, the State instituted the Loan Fund for Labourers' Houses. In this fund, loans were made to labourers desirous of building houses in the country. The loans are granted through the medium of societies of rural economy or other disinterested intermediaries founded for the pur-

pose. Only labourers of good reputation, whether male or female, between the ages of 21 and 50 years, recognised as temperate and economical, and themselves in the possession of a part of the funds necessary for the construction of their homestead, may benefit by them. Loans for the purchase of farms may vary between  $\frac{1}{2}$  and  $\frac{3}{4}$  of the value of the holding; they may amount at most to 7,000 crowns for the purchase of built-on land, 8,000 crowns for the purchase of land on which there are no dwelling houses. The rate is 3.6 %; half the loan must be paid in annual instalments of 6 % on the other half only interest is due. When the first half of the loan is paid, payment of the balance may be demanded. To facilitate the acquisition of small farms, above all by purchase of large estates to be cut up and to hinder the speculation to which these operations of subdivision might give rise on the part of unscrupulous capitalists, Parliament instituted a *fund for the facilitation of the work*, amounting at the end of 1912, to 3,600,000 crs. Out of this Fund, amounts are distributed to societies of rural economy and disinterested societies and associations formed for the encouragement of the purchase of houses for labourers. On these loans 4 % interest is paid.

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In order to encourage the drainage of the soil and the preparation of newly cleared land for agricultural purposes, as also for the drainage of cultivated land, the State grants loans repayable in instalments, out of the following funds, instituted for the purpose.

Out of the *agricultural fund*, loans are granted, up to the amount of 1,000,000 per year for the drainage of land fit for cultivation or already cultivated. The maximum loan corresponds with the amount of expenditure for clearing not including drainage, added to an amount exceeding 70 % of the increased value obtained by clearing.

The loans pay no interest for 3 years; after which period interest is paid at 3.6 %, and, only from the seventh year inclusive, the borrower must pay an annual instalment of 6 %.

The *fund for clearing of land in Norrland* was instituted in order to encourage clearing in the Northern provinces, by means of loans to small farmers. This fund amounts to a maximum of 300,000 crowns a year. The loans, which may not exceed 500 crowns plus half the expense of cultivation and reclamation, must pay 3 % interest from the second year, and must be repaid in 10 years. These loans are distributed by provincial societies of rural economy.

#### § 4. AGRICULTURAL CREDIT IN SWEDEN.

The facilities for obtaining long term loans thus provided by public institutions and only granted for loans on first mortgage, are, however, far from satisfying the requirements of the farmers. Whilst the Mortgage

ociations generally lead to owners of noble estates, and the State loans labourers' houses are distributed among labourers only for the building small labourers' houses, the peasants, in order to obtain loans, must generally have recourse to the provincial and local banks and above all the people's and savings banks, communal labour bureaux or other public institutions and private capitalists. The landed proprietors are likewise referred to these public or private lenders when they have to borrow on mortgages on their land, as well as on other real and personal security. Such loans are always more costly than those granted by the institutions organised or controlled by the State of which we have spoken above. The difficulty is increased by the fact that the yield from agricultural estate seems to be becoming more and more uncertain.

Generally loans of this kind are not granted for long terms not repayable demand and at fixed rates of interest; but, thanks to a clause allowing denunciation of contract, the interest is usually raised when the market rises.

The banks which advance large sums to farmers generally meet the need of the latter for a long period in which to repay, by means of renewals of loans or rediscounting bills. However, all these lenders demand security, as generally mortgages for more than half the value of the land are not considered sufficient and the Swedish law does not recognise the farm stock as security for the bank, as it is a security which the possessor retains in his hands, the farmers are almost always obliged, in order to obtain loans, to have recourse to security provided by their friends and acquaintances, which entails mutual services. The need of credit for working the land is also increased by the grant of large facilities for payment for goods bought and by the system of payment of an instalment at date of delivery of the produce. The consequence is an increasing economic subjection and uncertainty. And the necessity of institutions for supplying credit to farmers for the working of their farms (*Betriebskredit*) is being felt more and more. This credit should be organized so as to assure the farmers of the resources they have need of for a longer period than is necessary in the case of industry and commerce. Personal liability would be, by means of co-operation, more divided and more easy to calculate.

Very frequently, bills have been presented for the organization of agricultural credit for working expenses, with the co-operation and protection of the State and under public supervision. This kind of credit being specially required by small farmers, up to the present account has only been mentioned in the bills.

The Government is now considering a bill on the subject.

##### §5. REAL ESTATE RIGHTS. LAND BOOKS AND LAND REGISTERS.

The conception of law in force and the legislation on the transfer of things and the security for loans granted have naturally a certain influence on agricultural credit.

Transfer of the rights to landed property must, according to Swedish law, be made in writing, with indication of all the conditions of the transfer in the deed of sale itself or in a special contract of sale mentioned in the deed. The latter, as well as the proof of the real purchase of the land, must be forwarded to the competent court, which shall enter them in its register and in a register entitled "land book", (*fastighets bok*). An attestation of purchase of the holding is then prepared and public notice is given of the registration. The principal object of the registration is to render public the conditions of the right of ownership, but it gives no security against claims on the part of another person with more valid rights. Such security is acquired by right of prescription, that is to say by the fact of the owner's undisputed possession for twenty years from date of the attestation.

The *division of landed property* may, according to Swedish law, take three different forms. The most ancient is the *distribution of rural land property* (*hemmanskyfning*), by which the land is divided in proportion to the taxes on it and so that each of the resulting divisions contains field meadows and uncultivated land in the same proportion as the undivided estate. Each part of the land pays a proportional share of the land tax.

Another legal form of dividing a rural holding is the "separation of lots" (*jordafsöndring*), by which a special part of the area of the land is transferred for the life of the purchaser or for a period not exceeding fifty years, in return for an annual rent, or for ever. The portion separated pays no part of the land tax by which the holding is burdened.

To facilitate subdivision of the landed estate into lots capable of being farmed, and above all to render the separation of forest land possible for agricultural proprietors, recently, a new form of division of the land has been introduced; the *subdivision of land* (*egostyckning*). Under this name is understood a free division of the holding, or of portions of the holding, in parcels by the proprietor; after which the tax is distributed over the lots obtained.

In order that a holding may be mortgaged, the proprietor must recognise the debt; then the competent court burdens the holding with the charge and registers it in the register of rights and in the mortgage register of the land book (*fastighetsbokens inteckningsregister*). If there are several mortgages, they take preference in order of their registration.

A mortgage registered on land gives preference rights, but it must be renewed after ten years, otherwise the rights are lost by prescription. Sweden has no cadastre, properly so called, but precise information on the position, the area and the quality of the land is given in the plans of the Survey Management, copies of which are kept in the provincial survey office. These plans are, however, very many of them, ancient, and are completely wanting in the case of a large number of small holdings formed by divisions carried out without the assistance of the surveyor, and it is no rare thing for the proprietor himself to have no certain information as to the area of his land and the various lots of which it is composed.

Each province and each canton has long been in possession of a *land book* (*jordebok*) which, however, neither corresponds with the "fastighets

nor the land book of the court already mentioned, nor with the land register of other countries, as it only contains a list of the independent holdings, with indication of the land tax and the servitudes by which they are burdened, as well as of the agricultural loans received from the State on the security of these holdings. On the other hand, the land book gives no information as to the area and the nature of the holdings, the manner of their cultivation, nor of the mortgages on them. The holdings registered in this land book, however, often do not correspond with those really existing, seeing they have been divided and constituted of parcels belonging originally to different holdings. Since the suppression of the land tax, land books have lost all their meaning, and they are now replaced by registers which are being formed.

These registers, kept in each province by the chief surveyor, indicate, either with the number and name of the holding, also its letter on the map, in the Survey Office, and provide information with regard to the area of the whole landed estate and its various classes of cultivation.

There is therefore, no complete information, collected in one place, relating to the same holding, but this information may be obtained partly from the land book of the Office of the Governor of the province, and partly from an examination of the plans of the Survey Office, in the Provincial Survey Office, and finally, partly, from the mortgage register kept by the magistrate of the district.

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## SWITZERLAND.

### SAVINGS IN SWITZERLAND AND THE MOVEMENT FOR THE INSTITUTION OF POSTAL SAVINGS BANKS.

#### OFFICIAL SOURCES:

STATISTIQUE DES CARNES D'ÉPARGNE DE LA SUISSE, 1908. (*Statistical Return of Swiss Savings Banks for 1908*). Published in two languages, German and French, by the Statistical Office of the Federal Department for Home Affairs). *Statistique de la Suisse*, 1 number, Berne, Francke, 1912. See pp. 157-9 of this publication for a full bibliography on the subject of Savings Banks.

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NAEF (E.): (Cantonal Statistician, Aargau): Sparkassen. (*Savings Banks*), article published in Reichsberg's Dictionary: Handwörterbuch der Schweizerischen Volkswirtschaft. Vol. III. Berne, 1911.

WETTER (E.): Zur Frage einer Schweizerischen Hypothekenbank. (*The Question of a Swiss Mortgage Bank*). Basel, Krebs, 1911.

GAZETTE DE LAUSANNE, 1913. Various Notes.

In an article published in this *Bulletin* (1) when speaking of the proposal for the foundation of a Federal Mortgage Bank, we remarked that many in Switzerland also, favour the proposal for the institution of postal savings banks for the purpose of placing part of the postal deposits at the disposal of the mortgage bank to be founded. The institution of postal savings banks is, however, also proposed and supported on its own account for the purpose of promoting among the lower classes of society the habit of thrift, in imitation of what has been done in many other States, which have derived the very greatest economic and social advantages from the foundation of postal savings banks. (2) This question of the Postal Banks is

(1) *Bulletin of Economic and Social Intelligence*, Year IV, No. 10, Part. III, Switzerland: Centralisation of Banks and the Question of the Establishment of a Federal Mortgage Bank.

(2) See the article: *Progress of the International Savings Banks and the Interest of Agriculture* in this *Bulletin*, Year IV, No. 8, August, 1913.

arresting public opinion considerably, as, on the one hand, the institutions representing agricultural interests are highly favourable to the scheme, and, on the other, the banks and savings institutes already existing are opposed to it. The first observe that the postal banks will benefit the population of those districts where there are no rural banks, and generally all those labourers who, in their spare time, before going to work or returning from it, find the banks closed, while they could quite conveniently go to the post offices, open day long, and deposit their money. The others say that Switzerland has already a well developed system of savings banks, what necessity is there for postal banks to compete with them? So we shall consider in detail this question, now a burning one, of Postal Banks for Switzerland. It seems to us, however, first necessary to give a general glance at the organization and work of the savings banks, in order to provide the reader with the basis for judging of the importance and desirability of the proposal for Postal Banks.

#### ORGANIZATION AND WORK OF THE SAVINGS BANKS ACCORDING TO THE OFFICIAL ENQUIRY OF 1908.

To give an idea of the situation of savings in Switzerland we will make use of the excellent official statistical return of the Swiss savings banks for the Year 1908 (1908-1909 when the working year and the calendar year do not correspond), published in 1912 by the Statistical Office of the Federal Department for Home Affairs.

The data were obtained by means of lists of questions answered by the institutions themselves. All the savings institutions, even the smallest, were included in the enquiry, and its usual sense was given to the word "savings", without the collateral idea of "insurance" being included in it.

Very opportunely two forms were distributed: one, including a larger number of questions, for the "*Savings Banks*" properly so called, or those engaged in banking operations or possessing a developed financial organization; the other simple, for institutions of less importance, either as regards the amount of their deposits or the character of their business called in official tables, "*Savings Societies*".

Altogether, the savings institutes examined were 1,054, but, as 7 of less importance did not send answers, figures for 1,047 Savings Banks and Societies were tabulated. Comparing the total number of banks and Societies and the amount of deposits as revealed by the last enquiry with the corresponding figures in the previous return in 1897, we may see the increased importance of Swiss savings in 1908:



TABLE I. — *Statistics of Savings in 1908, compared, with the figures for 1897*

Savings Institutes	Number		Amounts Deposited fr.
	of Banks	of Bank Books	
1. Savings Banks . . . . .	385	1,899,331	1,570,964.85
2. Savings Societies . . . . .	662	126,159	20,010.26
Total in 1908 . . . . .	1,047	1,965,417	1,592,695.8
Total in 1897 . . . . .	458	1,307,052	984,741.51
Proportion of the latter in Savings Banks	373	1,291,910	981,849.51
"    "    " Savings Societies .	85	15,142	2,792.00
Increase: from 1897 to 1908 . . . . .	589	656,365	607,954.29
Increase per cent. . . . .	129	50	

As we see the amount of Swiss savings is very considerable and the increase in the deposits and banks has been great and this is specially due to the development of the savings banks properly so called.

We have already had occasion to consider the amount of Swiss savings as compared with that of other countries in an article in this *Bulletin*.

Among sixteen states of which we gave information, Switzerland held second place, after Denmark, whether as regards the number of banks per 100 inhabitants, the average amount deposited per inhabitant or the amount deposited per book. The accumulation of savings was above all rapid, the confidence of the population in entrusting their money to the credit institutes continually greater in the last decades of the last century. This holds good generally for all the European States and in the case of Switzerland it is shown by the following figures giving the increase in savings between 1825 and 1908.

TABLE II. — *Increase in Savings from 1825 to 1908.*

Years	Banks	Bank Books		Deposits		
		Total Figures	per 1,000 Inhabitants	Total fr.	per Inhabitant fr.	per Bank Book fr.
1825 . . . .	44	24,391	12	6,786,571	3	27
1835 . . . .	100	60,028	28	16,789,305	8	28
1852 . . . .	163	181,096	75	60,366,759	25	33
1862 . . . .	235	355,291	140	131,901,632	52	37
1872 . . . .	312	542,162	202	288,836,442	108	53
1882 . . . .	487	745,335	263	513,658,193	181	68
1897 . . . .	458	1,307,052	410	984,741,557	309	75
1908 . . . .	1,047	1,965,417	552	1,592,675,809	448	81

(1) *International Statistics of Savings Banks in the Bulletin of Economic and Social Intelligence*, January, 1913. Part III.

Limiting ourselves to a consideration of the number of bank books per 1,000 inhabitants (this being the surest indication of the diffusion of the habit of saving) we see that from 1882 to 1908 the numbers nearly doubled themselves, so that it may be said that in the last 26 years there has been a rather increase in the number of bank books than from the foundation of the first banks up to 1882. Naturally the savings were not accumulated in Banks in equal proportion in all the cantons. This is shown in the results of the last enquiry which we reproduce below, giving the number of bank books per 1,000 inhabitants, and the amount deposited per inhabitant in each of the Swiss cantons. And this difference is easily explained when we consider the different demographic, economic and social conditions which the cantons are distinguished and which have their influence on the formation of savings.

*Bank Books per 1,000 Inhabitants.*

*Deposits per Inhabitant.*

			Fr.
Neuchâtel . . . . .	1,022	1. Zug . . . . .	860
Basle-Stadt . . . . .	931	2. Glarus . . . . .	660
Basle-Landschaft . . . . .	808	3. Berne . . . . .	660
Schaffhausen . . . . .	787	4. Neuchâtel . . . . .	645
Basle . . . . .	765	5. Aargau . . . . .	637
Basle-Landschaft . . . . .	663	6. Geneva . . . . .	560
Solothurn . . . . .	641	7. Nidwald . . . . .	547
Uri . . . . .	627	8. Uri . . . . .	537
Obwalden . . . . .	626	9. Solothurn . . . . .	535
Lucerne . . . . .	607	10. Schwyz . . . . .	457
Glarus . . . . .	604	11. S. Gall . . . . .	452
Appenzell A. . . . .	572	SWITZERLAND . . . . .	448
Appenzell C. . . . .	560	12. Schaffhausen . . . . .	442
VIETZERLAND . . . . .	552	13. Lucerne . . . . .	418
Basle . . . . .	547	14. Basel City . . . . .	410
Solothurn . . . . .	545	15. Vaud . . . . .	387
Basle . . . . .	505	16. Thurgau . . . . .	358
Basle-Country . . . . .	455	17. Zurich . . . . .	353
Schwyz . . . . .	449	18. Obwald . . . . .	298
Uri . . . . .	439	19. Appenzell Ext. . . . .	284
Appenzell Int. . . . .	438	20. Basel-Country . . . . .	283
Basle . . . . .	402	21. Ticino . . . . .	272
Basle . . . . .	398	22. Appenzell Int. . . . .	268
Basle . . . . .	344	23. Fribourg . . . . .	206
Basle . . . . .	272	24. Grisons . . . . .	172
Basle . . . . .	92	25. Valais . . . . .	48

After these general remarks on the development and the importance of the savings banks and societies, it will be well to consider of these classes attentively and especially the savings banks, which have at their disposal the largest financial resources.

## § 2. SAVINGS BANKS.

Savings Banks in Switzerland date from the end of the eighteenth century. The first was founded in 1797 (*the Hypothekarkasse des Kantons*, first called *Dienstenszinskasse*): the savings bank of the city of Zurich followed in 1805. Then many others were rapidly founded. The last Statistical Report shows as still existing in 1908 eighteen institutes for before 1820.

Classifying the 385 banks in the Statistical Tables, according to the various dates at which they were founded (TABLE III), we see that the number or 35 % of the foundations belong to the period 1861-1880, further to be observed that generally the oldest banks are still the most important, both as regards the number of bank books and the amount deposited with them. Thus, in 1908, corresponding with the 18 banks founded before 1820, representing 4.7 % of the total number, we have 18.3 % of the bank books and 18.8 % of the deposits. Likewise, with 25 Banks founded between 1841 and 1850 representing 6.5 % of the number, there corresponded in that year a considerable number of bank books and deposits.

TABLE III. — *Classification of the Savings Banks, according to Date of Foundation.*

Year of Foundation	Banks		Bank Books		Deposits
	Total Number	%	Total Number	%	Total Amount fr.
1820 . . . . .	18	4.7	347,281	18.3	294,763,318
1821-1840 . . .	67	17.4	329,342	17.3	329,615,346
1841-1850 . . .	25	6.5	231,692	12.2	212,133,359
1851-1860 . . .	35	9.1	148,106	7.8	131,346,604
1861-1870 . . .	74	19.2	374,597	19.7	271,484,756
1871-1880 . . .	61	15.8	245,638	12.9	146,097,141
1881-1890 . . .	35	9.1	124,948	6.6	96,238,357
1891-1900 . . .	31	8.1	81,443	4.3	76,112,939
1901-1908 . . .	39	10.1	16,285	0.9	13,179,041
Total . . . . .	385	100.0	1,899,332	100.0	1,570,964,858

Connected with the fact of the various historical origins of the Swiss Savings Banks is the other that they differ greatly as to their legal form. There are in fact eight types of banks, as is seen in Table IV. Limited liability and co-operative societies are not included under the head of State or Communal Institutes in the table, even if the State or commune have an interest in them, as holding shares or guaranteeing them, in the case of the *Aargauische Bank*). The savings banks of undenominational associations, parochial savings banks etc. are classed among the *Institutes in public law*.

TABLE IV. — *Distribution of Savings Banks according to their Legal Form.*

Groups of Institutes	Banks		Bank Books		Deposits	
	Number	%	Number	%	Amount	%
State Institutes . . . .	22	5.7	615,950	32.4	474,315,692	30.2
Communal Institutes . .	35	9.1	60,642	3.2	53,691,929	3.4
Other Institutes in Public Law . . . . .	4	1.0	3,136	0.2	3,314,794	0.2
Foundations . . . . .	4	1.0	212,332	11.2	162,384,463	10.3
Limited Liability Societies	180	46.8	530,642	27.9	429,794,576	27.4
Co-operative Societies . .	120	31.2	438,859	23.1	420,767,079	26.8
Associations (1) . . . .	8	2.1	32,498	1.7	21,748,555	1.4
Private Institutes . . . .	12	3.1	5,273	0.3	4,947,764	0.3
Total . . . .	385	100.0	1,899,332	100.0	1,570,964,852	100.0

(1) By associations (*Vereine*), are understood societies not aiming at profits but above all having a social object.

As we see, with the 22 State Institutes, representing only 5.7 % of the total number, there correspond the largest number of bank books and the largest amount of deposits. Next in importance come the limited liability and the co-operative societies, which are the most numerous. But the largest institutes are the four foundations, with an average each of 53,000 bank books and 41,000,000 frs. in deposit, while the State Institutes, which are next in importance, show an average of 28,000 bank books and 21,000,000 frs. in deposits.

It would be interesting, if space allowed, to show the distribution of the savings banks according to the maximum and minimum fixed for deposits,

but if will suffice to say that most of them fix the minimum deposit at (211 out of 385 banks) and 304 banks do not fix any maximum.

Classifying the 1,899,332 bank books issued by the 385 savings banks according to the amount of the deposits in them, we find the majority of deposits are small or of average amount. In more than 62 % of the bank deposit is not more than 500 francs. In particular, deposits not exceeding 50 francs form 23.5 % of the total number; which shows that Swiss Savings Banks have kept their character of popular institutions. The same impression will be received from a consultation of the statistics tables, in the excellent official publication, from which we reproduce notes referring to the classification of the Savings Banks, according to number of bank books and the amount of the deposits (1).

It will be very interesting for us, especially in connection with question of mortgage credit now being agitated in Switzerland, to the rate of interest on deposits in relation to the rate asked for loans by the Banks.

Most of the savings banks fix a single rate for deposits; only some institutes vary it with the amount. The rate varies from  $3\frac{1}{4}$  to  $4\frac{1}{2}$  % the general average is 3.867 %. It is therefore high enough, although a little lower than that paid on bonds.

Calculating the average interest for the various cantons, we find difference of more than  $\frac{1}{4}$  % between the highest rate (Vaud and Aargau) and the lowest (Ticino).

Cantons	Average Rate on Deposits	Cantons	Average Rate on Deposits
1. Vaud . . . . .	4.017	12. Lucerne . . . . .	
2. Aargau . . . . .	4.017	13. Solothurn . . . . .	
3. Neuchâtel . . . . .	4.001	14. Basel City . . . . .	
4. Unterwald (Lower) . . . . .	4.000	15. Valais . . . . .	
5. Zug . . . . .	4.000	16. Thurgau . . . . .	
6. S. Gall . . . . .	3.998	17. Schaffhausen . . . . .	
7. Appenzell Ext. . . . .	3.990	18. Basel Country . . . . .	
8. Fribourg . . . . .	3.919	19. Schwyz . . . . .	
9. Berne . . . . .	3.889	20. Grisons . . . . .	
		21. Uri . . . . .	
SWITZERLAND . . . . .	3.867	22. Glarus . . . . .	
		23. Appenzell Int. . . . .	
10. Unterwald (Upper) . . . . .	3.846	24. Geneva . . . . .	
11. Zurich . . . . .	3.823	25. Ticino . . . . .	

(1) See tables 31 and 32 on page 55, and the list of Savings Banks with more than 20,000 bank books and that of the Savings Banks with more than 20,000,000 frs. in deposits on page 56 of the "Statistique des Caisses d'Épargne de la Suisse en 1908". Berne, 1911.

What, on the other hand, is the rate the Savings Banks ask on their mortgage loans?

Most (60.4 %) of the mortgage loans pay  $4\frac{1}{2}$  %; 28.1 % pay a lower 4.5 % a higher rate. The average rate is 4.46 % pay a lower and 4.5 % a higher rate. The average rate is 4.46 %. Since, as we have seen, interest on deposits in the bank is on an average 3.867 %, there is a difference of 0.593 % in favour of the credit institutes.

TABLE V. — *Classification of Mortgage Loans according to the Rate of Interest.*

Rate of Interest	Banks		Bank Books		Deposits		Mortgage Loans	
	Number	%	Number	%	Amount fr.	%	Amount fr.	%
10	10	3.1	46,317	2.9	32,318,503	2.4	22,210,179	1.0
62	62	19.4	508,524	32.3	375,232,496	28.3	628,218,393	27.1
178	178	55.6	836,337	53.2	727,959,209	54.9	1,401,508,563	60.4
49	49	15.3	138,173	8.8	145,038,305	11.0	239,609,796	10.3
19	19	6.0	32,665	2.1	32,005,537	2.4	21,066,140	0.9
2	2	0.6	10,619	0.7	13,708,099	1.0	5,837,618	0.3
(4.46)	320	100.0	1,572,635	100.0	1,326,263,149	100.0	2,318,520,689	100.0
Unknown	49	—	244,907	—	170,123,259	—	43,094,695	—
1	369	—	1,817,542	—	1,496,386,408	—	2,361,615,384	100.0

The money is invested at the lowest rate of interest in the cantons of 3 and Appenzell Int. and at the highest in that of Ticino. Now it is remembered that precisely in the canton of Ticino the lowest interest is paid on deposits, namely  $3\frac{1}{4}$  %. This fact seems at first sight strange. To explain it we must remember the special conditions of this canton. By language and race it is separated from the other cantons and statistical Tables show that advantage is taken of this situation by 7 banks formed as limited liability societies and therefore seeking rather their own interests than those of the depositors or the borrowers. There are no co-operative banks or other institutions of public utility that can compete with them and it is easy for them to profit by the situation and act in accordance with their own interests. Table VI shows that the amount of the loans on mortgage exceeds the amount of the deposits. This is explained by the fact that the Banks do not

grant these loans (50.8 % of their credits) only out of their available funds, but, in the case of some profit seeking institutes, by means of issue of bonds or acceptance of deposits in current account etc. Most of the Banks, particularly the majority of those lending on mortgage, do not limit their work to savings business. In this number certainly must be included the cantonal, mortgage and commercial banks which are very numerous.

TABLE VI. — *Deposits and Mortgage Loans in Relation to the Total Amount Shown on Balance Sheet.*

	Total Amount	Deposits	Mortgage Loans	The Amount of Mortgage Loans	
				Greater than	Less than
				the Savings Deposits	
	Fr.	Fr.	Fr.	Fr.	Fr.
Switzerland .	4,652,133,774	1,496,386,408	2,361,615,384	1,048,178,394	182,945
Percentage of Total Amount on Balance Sheet.	—	32.2	50.8	22.5	3.4

If we reproduce from the Official Statistical Return the figures for separate cantons, we shall find a great difference between them. In the loans on mortgage appear in Basel-Country as 81 % and in Appenzel A. as 5.5 % of the total amount of items on the balance sheet. The percentage is particularly low (less than 20 %) in the cantons of Appenzel A., Ticino, Lucerne, and Uri, and very high (over 70 %) in Basel-Country, Thurgau, Aargau and Basel-City. The causes of this difference between canton and canton are manifold, but they seem to be principally the greater or less need of capital in the different cantons and at the same time the different degree of development of the savings institutes, so that borrowers have in greater or less degree to resort to private individual mortgage loans.

Before leaving the statistics of the work of the savings banks, it will be well for us, especially now that the question of postal banks is being agitated, to consider the distribution of these banks, their branch offices; they are 1,533 in number consisting of :

385 principal institutes,  
66 independent branches,  
1,082 agencies.

In the following table we show the distribution of the principal independent branch offices of the savings banks in the various cantons

TABLE VII. — *Cantons with one or More Savings Offices.*

Cantons	Localities with				Number	
	1	2	3	4 or more	of Localities	of Principal Institutes or Independent Branch Offices
	Principal Institutes or Independent Branches					
Zurich . . . . .	28	3	1	2	34	53
Berne . . . . .	42	15	5	2	64	100
Lucerne . . . . .	6	4	1	1	12	22
Uri . . . . .	1	—	—	—	1	1
Schwyz . . . . .	4	—	1	—	5	7
Unterwald (Upper) . . . . .	1	1	—	—	2	3
Unterwald (Lower) . . . . .	—	1	—	—	1	2
Glarus . . . . .	2	—	—	—	2	2
Zug . . . . .	2	1	—	—	3	4
Fribourg . . . . .	17	2	—	1	20	27
Solothurn . . . . .	7	—	—	1	8	12
Basel-City . . . . .	—	—	—	1	1	5
Basel-Country . . . . .	6	1	—	—	7	8
Schaffhausen . . . . .	12	—	—	1	13	17
Appenzell Ext. . . . .	14	1	—	—	15	16
Appenzell Int. . . . .	1	—	—	—	1	1
S. Gall . . . . .	35	4	2	1	42	54
Grisons . . . . .	1	2	—	—	3	5
Aargau . . . . .	23	3	—	1	27	33
Thurgau . . . . .	10	4	—	—	14	18
Ticino . . . . .	1	1	1	1	4	10
Vaud . . . . .	9	3	1	1	14	24
Valais . . . . .	1	—	1	1	3	8
Neuchâtel . . . . .	7	2	1	—	10	14
Geneva . . . . .	—	—	—	1	1	5
Localities . . . . .	230	48	14	15	307	—
Banks . . . . .	230	96	42	83	—	451

In some cantons the number of banks is evidently small and local enterprise are not always sufficient to fill the void, so that there not be too great difficulties in the way of saving, an act of thrift that requires an effort of will and needs the greatest facilitations in order it may be effected.



## § 3. SAVINGS SOCIETIES.

The Savings Societies, as we have seen in Table I, are far less important than the savings banks, although they are far more numerous. They are often so small that they are not able to administer themselves all the funds entrusted to them and in their turn deposit a portion in the savings banks.

In 1908 there were 318 of these with 62,074 bank books in v. credit had been opened for 4,299,305 fr.

The Savings Societies consist of six classes of institutes:

§ (1) *School and Young People's Societies*, which are the most numerous (245), but have not the largest amount of deposits, on account of the savings school children and young people can make. It must, however, be observed that their importance is not so much economic but moral, on account of their educational influence on the children and the members of their families.

(2) *Factory Savings Societies*, including institutes due to the initiative of a manager or the workmen of a factory or other undertaking not connected with that denomination. These are managed by the employers, sometimes assisted by a workmen's committee. In fifteen out of seventy of the kind the workmen are compelled to deposit a part of their wages.

(3) *Savings Societies of Distributive Societies*, instituted to facilitate the savings of thrift among the members of the distributive societies. First they received the refunds the distributive societies made at the end of the year, which the members wished to be deposited, the amount being entered in bank books. Later, however, they also accepted other amounts. The distributive societies make use of these deposits for their business and are able to pay a higher interest on them than the savings banks, while they retain their capital more cheaply than if they had to resort to the market for credit.

(4) *Societies of Workmen's and Employees' Organizations*. These are of little importance, as the Catholic Christian Social Organizations, form a considerable group among the Swiss workmen's organizations, deal with the S. Gall *Schweiz-Genossenschaftsbank*, which cannot be classed as a savings bank.

(5) *Rural Savings Societies*, the most important after those of the distributive societies, as regards the amount of their deposits. They themselves administer the money they receive. They are, for the most part, unlimited liability associations of Raiffeisen type. They receive deposits and make loans. While, however, they accept deposits from any one, they only receive them from associates. In this way they are able to obtain a more exact knowledge of the economic condition and the liability of their debtors, the rather than the membership residence within a very limited area is necessary, under the immediate supervision of the societies themselves. The deposits are guaranteed in the first place, by the reserve fund and the members' subscriptions, and, in a subordinate degree, by the entire assets of the members.

rural savings societies, though of recent creation, have already collected large deposits and may exert an efficacious action for the increase of saving. The average rate of interest on deposits in the rural societies in 1908 was 3.93 %, while the average interest paid by the savings societies, taken all together, was 4.236 %.

In addition to these various classes, there are other savings societies of less importance and different character that do not require to be specially considered.

We may now tabulate the figures showing the importance of these various classes of Savings Societies.

TABLE VIII. — *The Situation of the Swiss Savings Societies.*

Savings Societies	Societies	Bank Books	Deposits Fr.
1. School and Young People's Societies. .	245	48,154	1,964,596
2. Factory Societies . . . . .	70	10,214	4,621,895
3. Societies of the Distributive Societies .	65	21,073	5,160,340
4. Workmen's and Employees' Societies. .	93	6,284	1,426,734
5. Rural Societies. . . . .	109	15,997	5,861,962
6. Other Savings Societies . . . . .	80	24,437	5,974,735
Total . . .	662	126,159	26,010,262

#### § 4. MOVEMENT IN FAVOUR OF THE FOUNDATION OF POSTAL SAVINGS BANKS.

The review we have just completed of the situation of Swiss savings banks shows the development of the savings banks in all their forms, whether banking institutes or savings societies. As we have seen, Switzerland takes the second place, among the leading States, with regard to the amount of savings collected in proportion to the number of inhabitants. More than half the population save and have deposits of about 1,600,000,000 frs. But this success must not make us forget that by far the best thing, if it could be conveniently arranged would be the institution of a system of banks, easily accessible, above all to the rural population and systematically distributed over the whole country. We allude to the question of the foundation of the *Postal Banks* now under consideration in Switzerland.

This is, however, not a new question in the Helvetic Confederation. Already in 1881 the National Council had taken into consideration Morel's

proposal for the introduction of Postal Savings Banks into Switzerland. Morel himself and the Secretary of Finance, Scheider, were instructed to visit Belgium to study the working of the institutes there; no decision was, however, come to on the subject either then, or later, in 1890, when the Executive Management (Vorort) of the Federation proposed two questions for study, the reform of the saving banks and the institution of postal banks.

In the discussions on the subject the fear prevailed that the Postal Banks might become dangerous competitors with the ordinary savings banks and that they might not succeed in investing the deposits to the advantage of the department, of those in need of credit and of rural landed property. One of the strongest opponents was the Director Milliet who, in his report for February, 1890 to the Federal Department of Finance declared that the Postal Banks would be useless to depositors, dangerous for those in need of credit and inadvisable for the department.

The only thing it then seemed possible to do in behalf of small savings was to authorize the Post Office to issue ordinary stamps to serve for small deposits in the savings banks.

But the continuous development of Postal Savings Banks abroad even in States not far remote from Switzerland, such as Italy, France and Belgium, could not but cause the question to be reopened in the Helvetic Confederation.

In fact, in September 1897, the Hon. M. Calame-Collin presented motion inviting the Federal Council to examine the problem again. The experience of other States had shown that the fear of the competition of the Postal Savings Banks with the ordinary ones was unfounded, since the latter had increased continually and regularly in those States.

Federal Councillor Zemp, however, opposed the motion, saying among other things, that especially after having undertaken the postal cheque and clearing service, the Post Office could not start new services in addition to those up to now performed by it, already numerous in comparison with those conducted by the postal departments of other countries. The Postal Saving Bank service would considerably increase the Postal working expenses in a country where savings institutions are highly developed and well organized both by means of public organizations and private efforts.

The motion, however, for a full report on the matter, was approved. The question came up again for discussion as a consequence of the preparation of the bill last year by the Federal Department of Post and Railways.

Farming circles are decidedly in favour of the proposal. Among opinions expressed in approval of it, we may mention those of Dr. E. Laur, Secretary of the Swiss Peasants' Union, the Deputy Jenny and the General Postmaster M. Staeger.

Dr. Laur thinks that the Postal Banks may be able to place at the disposal of the State, at a rate of 2 or 3 % interest, several million francs derived for the most part from the country districts, and by means of this with the due precautions already used in the States in which the Savings

Banks provide the funds for credit on land, it would be possible to encourage credit on mortgage and especially credit for improvements by means of a Federal Mortgage Bank, the foundation of which he also favours.

The Hon. M. Jenny is likewise in favour of the new institution, which he thinks would be well received by the rural population, which is naturally thrifty. It would attract new currents of savings which now lie unproductive in drawers. It would be in any case necessary to invest the capital of the Postal Banks to the advantage of credit on land.

The General Post Master also thinks, both from a consideration of the experience of foreign States and of the circumstances of Switzerland, that Postal Savings Banks would not injure the cantonal banks, but would be a new source of credit. There are in fact 1,946 Swiss communes that at present have no savings institutes. The Postal Banks would admit of deposits being made and withdrawn in 3,655 offices. In addition, the services of 2,434 postmen and messengers might be utilised to receive and withdraw the amounts entered in the books.

Of course, as was the case in many other countries, the financial institutes have shown themselves hostile to the projected foundation of postal savings banks and have made strong opposition to the new bill through their representatives on the Advisory Commission at the Postal Department, M. Frey, President of the Zurich Credit Institute, who expressed more particularly the point of view of the private banks and M. Leder, Manager of the Zurich Cantonal Bank, who spoke more especially in the interest of the cantonal financial institutes.

M. Frey complained that the commercial banks, already damaged by legislative provisions, were now to be deprived, by the institution of the postal banks of a large part of their resources. On the other hand, he said, the work of the rural banks satisfies the needs of small credit. In all the cities there are substantial savings institutes, paying high interest, so that at least in the urban centres the postal banks would hardly find a very large number of customers. They would prevail especially in the country districts, but it is to be feared that the deposits collected would not be invested in behalf of agriculture, but especially in the purchase of government securities, as has happened in most other States (1).

M. Leder, after having shown that at present the savings service is very well organized by the public and cantonal banks by means of a large system of branches, agencies and offices, observed that by an agreement with the Postal management, the Post offices are authorized to accept deposits made for the account of the cantonal banks. From the point of view of security, the cantonal banks and many other private financial institutes offer every guarantee necessary. The flow of capital into the Cantonal Banks would be much diminished by the foundation of Postal Banks and would

(1) For exact information as to the investment of the funds collected in the Savings Banks in behalf of agriculture, see the article in this *Bulletin* (1913, No. 8, Part III), "Progress of the International Savings Banks and the Interests of Agriculture".

cause the rate of interest on bonds to rise and would make credit on mortgage dearer.

It has been said that the customers of the Postal Banks are especially recruited among those who save small amounts, who are easily kept away from the Banks. It must be said in answer to this, continued M. Leder, that the existing Savings Banks are specially supported by small savings.

The success attained abroad by the Savings Banks cannot be invoked to meet the case of Switzerland, for here the conditions, he concluded, are altogether different. Therefore, the Union of Swiss Cantonal Banks finds itself obliged to oppose the projected innovation.

We have thus traced the principal currents of opinion in favour or opposed to the institution of postal savings banks, as determined by interest and different points of view. According to our custom, we intend to keep within the limits of an impartial and objective statement and not to discuss the arguments of the favourers or opponents of the new institution.

We think it, however, desirable to place before our readers an interesting table of international statistics, taken from the official publication of the Swiss Savings Banks, often referred to above, which may furnish useful material for the study and the solution of the problem of Postal Savings Banks in Switzerland.

TABLE IX. — *Situation of the Savings Banks in Certain Countries.*

State, and Class of Savings Banks	Year	Popula- tion Thous- ands of Inhabit- ants	Bank Books		Deposits		
			Number — Thous- ands	Per 100 Inhab- itants	Amount in millions of francs	Per Inhab- itant fr.	Per Bank Book fr.
1. Belgium (1) . . . . .	1908	7,386	3,180	43	955	129	300
Postal Savings Banks . . . . .			2,625	—	886	—	338
Other Banks . . . . .			555	—	69	—	124
2. France (2) . . . . .	1908	39,300	13,340	34	5,219	133	394
Postal Savings Banks . . . . .			5,292	—	1,539	—	291
Other Banks . . . . .			7,948	—	3,680	—	463
3. Great Britain (3) . . . . .	1908	44,547	12,806	29	5,424	122	424
Postal Savings Banks . . . . .			11,018	—	4,103	—	372
Other Banks . . . . .			1,788	—	1,321	—	739
4. Italy (4) . . . . .	1				671	108	515
Postal Savings Banks . . . . .					1,506	—	302
Other Banks . . . . .					2,165	—	1,011
5. Holland (5) . . . . .	1908	5,825	1,813	31	520	89	287
Postal Savings Banks . . . . .			1,402	—	320	—	228
Other Banks . . . . .			411	—	200	—	487
6. Austria (6) . . . . .	1908	28,264	6,104	22	5,972	211	978
Postal Savings Banks . . . . .			2,107	—	241	—	114
Other Banks . . . . .			3,997	—	5,731	—	1,434
7. Sweden (7) . . . . .	1908	5,430	2,054	38	1,068	197	520
Postal Savings Banks . . . . .			560	—	65	—	116
Other Banks . . . . .			1,494	—	1,003	—	671
8. Switzerland . . . . .	1908	3,555	1,963	55	1,593	448	812
9. Hungary (8) . . . . .	1908	20,898	2,456	12	3,333	159	1,357
Postal Savings Banks . . . . .			684	—	98	—	143
Other Banks . . . . .			1,772	—	3,235	—	1,826

- (1) Annuaire statistique 1909.  
 (2) Annuaire statistique 1909.  
 (3) Statistical Abstract No. 36, 1909.  
 (4) Annuario statistico Italiano, 1911.  
 (5) Bijdragen tot de Statistiek van Nederland Nr. 147. — Hubner's Geograph-statist. Ta-  
 celen 1910.  
 (6) Statistisches Handbuch 1909.  
 (7) Räkning till Sveriges officiella Stat. V. Sparbanksstatistik 1908.  
 (8) Statistisches Jahrbuch 1908.

Comparing the results given by the Postal Banks and the other saving Banks in each country, we see that, except in Belgium, the average deposits per book is far less in the Postal Banks. The total number of books and amount of deposits for the eight countries above mentioned were as follows:

	Bank Book.	Deposits	
		Total Fr.	Per Bank Bo Fr.
1. Postal Savings Banks . . .	28,670,000	8,758,000,000	305
%	51	33	—
2. Other Savings Banks . . .	20,106,000	17,404,000,000	866
%	49	67	—
Total . . .	48,776,000	26,162,000,000	536
%	100		

From these figures we see at once that the Postal Banks manage to serve a larger number of persons, taken from villages or cities, and that, often referred to as "other banks," study and the solution of problems.

It is not possible because if, on the one hand, the influence of the Postal Banks is great, on the other hand, also to some extent political, influences which the new institute would affect. The bill for the introduction of postal banks, drafted by the Department, has been examined by a Committee of Experts, who have introduced several amendments into it, amongst which are the following: that the post office must place at the disposal of the cantons and communes 50 % of the deposits; that the rate of interest must remain 1 % below the average rate of the country and that deposits of over 1,000 frs. shall not bear interest.

## Part IV: Miscellaneous

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### UNITED STATES.

#### RURAL SURVEYS IN NEW YORK, MARYLAND AND TENNESSEE.

##### SOURCES :

- AGRICULTURAL SURVEY IN TOMPKINS COUNTY, NEW YORK. Cornell University. Experiment Station Bulletin 295.
- RURAL SURVEY IN MARYLAND. Department of Church and Country Life of the Presbyterian Church in the U. S. A. New York, 1912.
- A RURAL SURVEY IN TENNESSEE. Department of Church and Country Life of the Presbyterian Church in the U. S. A. New York, 1912.

##### INTRODUCTION.

The report of the Country Life Commission (1), appointed by Mr. Roosevelt in 1908, contained the following recommendation: "The time has now come when we should know in detail what our agricultural resources are. We cannot make the best and most permanent progress in the developing of a good country life until we have completed a very careful inventory of the entire country. This inventory should take into account . . . the institutions and organizations, . . . the general economic and social status of the people, and the character of the people themselves."

In 1908, the Agricultural Experiment Station of Cornell University made an elaborate survey of four townships in Tompkins County, New York, the results of which were published by the University as a contribution to the country-life movement; and in 1911 and 1912, two surveys of a some-

[1] See *Bulletin of Economic and Social Intelligence*, January, 1911, page 217.



what similar character, one in Maryland and one in Tennessee, were carried out by a special department of the Presbyterian Church. The survey in New York is, in effect, a detailed inventory of nearly eight hundred farms; those in the other two States are of a more general kind, and are really investigations into the social and economic organization of the respective communities. The results ascertained include information on land tenure, on the amount of capital employed on farms, the labour income of farmers and the landlord's interest on his investment, together with some account of farmers' business and social organizations in the different counties surveyed.

In the following summary of the methods employed in these surveys and the conditions revealed, that part of each report which is purely technical in character has been omitted.

#### § 1. THE SELECTED COUNTIES AND THE METHODS EMPLOYED IN THE SURVEYS.

The counties surveyed are average counties, which in the opinion of well-informed persons, fairly represent the general level of conditions on the whole of a large district. The conclusions arrived at for a county therefore, are probably substantially true for a State, or even for a group of States. Where conditions are peculiar to the county surveyed, we shall call attention to the fact.

##### (a) *New York State.*

Tompkins County lies a little south and west of the centre of the State. The distance to New York city, practically the one market for all the produce which leaves the county, from different points, varies from 250 to 300 miles. The town of Ithaca furnishes a local market for a fair amount of produce from a limited district. The northern part of the county is better and the southern part poorer than the average for the State. About one-fourth of the area lies in what is sometimes called the abandoned farm region. Most of the agriculture is general farming, and hay, oats, wheat and potatoes grow well. Crop yields are a little above the average for the State, and considerably above the average for the whole of the United States.

The information for the survey was gathered by members of the faculty, graduates and senior students of the Agricultural College. The work was begun in Tompkins County as early as 1906, but the error was made then of attempting to gather too much information, and this early work was not well done. It was not till 1908 that satisfactory results were obtained, and we shall confine ourselves to the work done in that year.

A circular letter was sent to each farmer in the townships surveyed, informing him that the College of Agriculture was making a survey, and at the same time indicating the points on which the representative of the

Hege would ask for information on his visit to the farm. The letter stated clearly that the enquiry had nothing to do with assessments or taxes, and that the information would be regarded as strictly confidential. In outdoor work, the only entries made in the records were the farmer's replies to the questions asked. These field records were transferred each evening to the final record sheet in which also some additional entries were made by the enumerator. Any discrepancy was noted and the farmer communicated with at once, where possible by telephone. It was found that inaccurate returns were easy to detect by inconsistencies in the answers. Clearly inaccurate records were rejected.

Practically all the farmers visited tried to give accurate replies. As to their ability to do so, it was the experience of those in charge of the work that accuracy depends more on the enumerator than on the farmer. It was found that the majority even of those farmers who kept no accounts, were able to give correct information as to their receipts and expenses, if the right questions were asked. Forty-five per cent of them kept accounts. In the present survey, after two years' experience in collecting information, the records were secured in more than 75 per cent of the cases. It proved economical to allow two men to work together. They could then make use of one horse without either man having to lose much time in walking. Each man carried a map on which each farm was shown, numbered to correspond with the number of the record.

In the report no conclusions have ever been drawn except from a group of farms, and it was found that conclusions arrived at for a group of about twenty farms were seldom affected to any appreciable extent by the addition of other farms to the group.

#### (b) *Maryland.*

The Maryland survey was carried out in Montgomery County by a department of the Presbyterian Church, at the request of the Country Life Committee of the county. This Committee was formed in 1911, on the invitation of the Hon. Willet M. Hays, Assistant Secretary of the United States Department of Agriculture, with the expressly declared aim of making Montgomery County "the model rural county of the United States". The Committee, at that time, consisted of 53 representative men and women selected from 17 centres throughout the county. Its first official act was to make arrangements for this survey, which, it was intended, should furnish accurate information concerning the prevailing economic, social, educational and religious conditions in the county, and guide the Committee in its work of organized development. The actual work of investigation was carried out by Dr Warren H. Wilson assisted by two field investigators.

Montgomery County lies along the Potomac River, and is bounded in part by the District of Columbia and in part by the State of Virginia. Its location is economically convenient. The land is high, in some parts hilly, and the scenery is attractive and picturesque. Agriculture in the county,

now depends for success on systematic fertilizing combined with carefully studied crop rotation. When the soil was virgin the chief crops were corn and tobacco, and, as is usual in pioneer farming, these crops were grown year after year until the soil was exhausted. A period of depression followed; population moved south and west; and about 1840 the fortune of the county had reached a very low ebb indeed. Better farming methods were introduced about 1845 by members of the Society of Friends in the Sandy Spring neighbourhood, which has continued, down to the present day, to enjoy the distinction of being the best organized and most progressive rural district in the county. Gradually the fertility of the soil returned, and with renewed fertility came population and prosperity. Between 1800 and 1840 there had been a net decrease in population of 14 per cent, but in the four decades after 1840 there was a net increase of 55 per cent.

The soil is well adapted to corn, wheat and forage crops, supplemented in certain districts by oats, rye, tobacco, potatoes, garden vegetables, small fruits and apples. Over 90 per cent of the population are directly or indirectly dependent upon agriculture for their living.

(c) *Tennessee.*

Gibson County was selected as representative of the conditions in West Tennessee. It is in the northwestern corner of the State, separated from the Mississippi River by only one county, and from the State of Kentucky by one county. Its fertile alluvial soil is suitable for widely diversified farming. The county had once valuable forests, but nine-tenths of the timber has been cut down and the remainder is badly cared for. There are no mineral resources. There are about 11,000 negroes in the county, forming 28 per cent of the population. Every part of the county was visited by an investigator. In each district he called first on some especially well-informed person, and from him obtained such general information as could be given from actual knowledge. This was checked by constant reference to published reports and county records. The investigator afterwards visited twenty or thirty families in each neighbourhood and made detailed inquiries. These methods were supplemented, and their results checked by the method of "sample plots". Certain neighbourhoods, each forming one "sample plot", were selected for intensive study. In all, 21 of the plots were studied, forming 9.1 per cent of the total area of the county and including 607 families.

§ 2. THE RESULTS OF THE SURVEY IN NEW YORK STATE.

In Tompkins County, N. Y., returns were secured from 983 farms in the townships of Ithaca, Dryden, Danby and Lansing. After eliminating those for which the records were incomplete, and those occupied by persons whose chief occupation was other than farming, there were left 615 farms

ied by owners, and 154 operated by tenants, 20 of whom rented additional land.

(a) *Type and Size of Farms.*

All the farms are typical American "family farms" on which the owners and their families do the major part of the work. The average of farms operated by owners is 103 acres; that of farms operated by tenants is 127 acres. The variation in size of farms may be shown in the following Table.

TABLE I. — *Size of Farms.*

Area in Acres	Operated by Owners		Operated by Tenants	
	Number of Farms	Per cent of the Total Number	Number of Farms	Per cent of the Total Number
or less . . . . .	30	%	2	%
- 50 . . . . .	108	18	6	4
- 100 . . . . .	214	37	50	32
- 150 . . . . .	143	24	64	42
- 200 . . . . .	57	10	21	12
200 . . . . .	34	6	11	7
Total . . . . .	586	100	154	100

It will be seen that 60 % of the owners, and 37 % of the tenants, are operating farms of less than 100 acres. The size of farms is increasing, the number of farms decreasing. Small farms are relatively at a disadvantage with respect to cost of labour, cost of horse labour, and the use of machinery. A large part of the work on a farm cannot be done economically without at least two men, and many of the smaller farms cannot employ a farm labourer profitably. Three or four horses at least are necessary for the efficient employment of modern farm machinery. Farms of from 151 to 200 acres are the smallest that have an average of four horses per farm.

The movement towards larger farms has resulted in the abandoning of a number of farm buildings, and this in turn has given rise to the talk of abandoned farms. The fact is that the farm dwelling houses were built in the era of farm machinery when more men per acre were needed. These houses are no longer occupied, but the land is nearly all rented by neighbouring farmers for hay or pasture.

(b) *Forms of Tenure.*

In the entire county, 68 % of the farms were operated by owners, 8 % by owners who rented additional land ; and 24 % by tenants. More than 24 % of the area is rented, because tenant farms are on the average larger than owned farms. In the four townships surveyed the farms were held as shown in the following Table.

TABLE II. — *Forms of Tenure.*

	Number of Farms	Per cent. of Total
Regular owners . . . . .	623	63 %
Owners who rent additional land . . . . .	99	10
Owners who live on the farm, but have all or most of the crops grown on shares . . . . .	74	8
Regular tenants . . . . .	151	15
Tenants who rent farms of more than one landlord . . . . .	35	4

(c) *Classes of Tenants.*

In the four townships, 19 % of the tenants paid cash rent; 6 % a share of the crops ; and 75 % gave a share of all, or nearly all, the receipts. In the first case the landlord furnishes the farm and pays for all extensive improvements and repairs, and usually pays the taxes. The average rent was \$ 1.88 per acre or \$ 2.66 per tillable acre.

Where the crops are shared, the landlord, in addition to paying for repairs, usually furnishes grass and clover seed, and pays half the threshing, hay-pressing and fertilizer bills. In return he receives half the crop. Many variations occur as a result of bargaining. The landlord usually shares the cost of feed for the horses, and the tenant is sometimes allowed to keep a cow or two and feed it from undivided hay. When receipts instead of crops are shared, the landlord, in addition, usually furnishes half of all seed, and half of all stock except horses. The tenant furnishes all labour, including horses and machinery. The crop yields on tenant farms were found to be practically the same as on owned farms.

Twenty-three per cent of the landlords are farmers, and 20 per cent are retired farmers. Farms are nearly always rented for one year period, but the average length of tenancy is between four and five years. Cash tenants made an average labour income almost twice as large as the average of those who shared the receipts with the landlords. Landlords

ived cash rents made 5.2 per cent interest, while those who rented for the receipts made 9.2 per cent, though the latter of course give a considerable amount of attention to the farm and assume more risk.

(d) *Average Capital and Profits.*

The following table gives a summary of the chief facts ascertained by survey.

TABLE III. — *Average Capital and Profits.*

	Operated by Owners	Operated by Tenants	
		Tenant	Landlord
Number of farms . . . . .	615	134	135
Average capital . . . . .	dollars 5,527	dollars 1,281	dollars 5,242
Average receipts . . . . .	1,146	814	573
Average expenses . . . . .	389	340	138
Net income . . . . .	757	474	435
Interest at 5 per cent . . . . .	276	64	—
Income from unpaid labour . . . . .	481	410	—
Value of unpaid labour except farmer's . . . . .	58	31	—
Farmer's income . . . . .	423	379	—
Landlord's per cent . . . . .	—	—	8.3 %

The figures refer to the year from April 1st, 1907, to March 31st, 1908, a period of good crops and good prices.

Receipts exceeded expenses by \$ 757. This sum represents interest on capital, the labour income of members of the family, and the farmer's labour income — the actual money return which he receives for one man's labour on the farm. Subtracting \$ 276 for interest at 5 per cent, \$ 58 for the value of the labour performed by members of the family, the remainder, \$ 423, is the farmer's labour income, where he owns his farm. The labour income of tenants averaged \$ 379. In addition, each farmer has the use of a house and such products for his own consumption as were produced by the farm.

The wages usually paid to a farm hand in the district are from \$ 30 to \$ 350 with house rent, garden, wood and milk. The conclusion arrived at from the report of the survey is that roughly one-third of all the farmers are less than hired men, one-third made about the same as hired men,

and one-third made more than hired men. "It is evident", says the report, "that farmers did not receive more than their share of the prospective of the country".

(e) *Relation of Capital to Profits.*

Owners with a capital of less than \$ 4,000 did not earn as much as hired man. The need for increased capital is shown by the following figures:

TABLE IV. -- *Relation of Capital to Profits.*

Capital	Number of Farms	Average Labour Income
Dollars		Dollars
2,000 or less	36	192
2,001 to 4,000	200	240
4,001 " 6,000	183	399
6,001 " 8,000	94	530
8,001 " 10,000	45	639
10,001 " 15,000	44	870
Over 15,000	13	1,164

The capital on tenant farms has practically the same distribution as that on farms operated by owners. For both classes together, on 7691 farms surveyed, the average distribution was: real estate 73 %, stock 1 %, machinery and tools 7 %, feedstuffs and seed 2 %, produce 1 %, cash 1 %.

The report notes the shortage of capital as one of the weakest points in farming in the county. The majority of farmers start with little capital. The usual steps to ownership of a farm are to work first as a hired labourer, then as a tenant, and finally to acquire a farm, give a mortgage for the bulk of the purchase price. In many cases it would be better for farmers to work longer as labourers and tenants. According to the report, a few farmers have money in the bank or invested in enterprises, that would be much better employed on the farm; and farmers could wisely increase their income by raising money on mortgage and investing it in better stock or additional machinery. At the present time the system of making farm loans is unsatisfactory. One farm may be worth twice as much as the adjoining one, yet the loans which can be obtained on them may be nearly equal.

### § 3. THE SURVEY IN MARYLAND.

The results of the Maryland survey as far as they relate to size of farms and forms of tenure, admit of comparison with the results of the survey in New York State. Unfortunately, the survey in Maryland yielded very little information as to the average labour income of the farmer, or the average amount of capital employed, and it is not advisable to quote information which refers to a few farms only.

#### (a) *Number and Size of Farms.*

There are 2,432 farms in Montgomery County, of which 85.7 % are operated by white, and 14.3 % by negro farmers. The average size of farms is about 112 acres. In 1900, the average was 136 acres, and there were fewer farms. The increase of the market-garden type of farming, the difficulty of obtaining efficient labour, and the increased cost of land are among the reasons for the reduction in the size of the average farm. Thirty-per cent of all the farms have less than 50 acres, but the farms occupied by negro farmers are as a rule much smaller, 69.3 per cent of them consisting of 19 acres or less. There is practically no speculation in land for farm purposes, all the farms being regarded primarily as homes.

#### (b) *Forms of Tenure.*

Of all farms surveyed, 75.4 per cent were operated by those who own the land in whole or in part; and 24.4 per cent by tenants. A few farms were not reported upon under this head. The farms operated by owners, though forming more than 75 per cent of the total number, represent only 50 per cent of the total area. Owners, that is to say, were operating a much larger proportion of small farms than of large ones. Of the farms of 9 acres or less, 88.6 per cent are operated by owners. Tenancy has increased 6.2 per cent since 1890, a change which the report describes as "change in the wrong direction". More than half the farms, representing considerably more than half the total acreage, have changed hands at least during the last ten years. For owned farms, the average term of occupancy is 15 years; for rented farms, the average tenancy is 4 years. The report draws the following inference: "One fourth of the entire population, then, is shifting, a fact which must necessarily hamper all efforts at the betterment of rural life conditions."

Sixty-two per cent of all farms operated by owners are free from mortgage debt. The average amount of mortgage debt reported was about 10 per cent of the value of the land and buildings mortgaged. In connection with the proportion of tenants to owners, and of mortgaged farms to un-



mortgaged farms, the age of the farmers is interesting. The percent of farmers who are tenants, decreases from 64 % in the first age group (under 25), to only 7 % in the highest age group, (over 64). The proportion of farmers who own farms free from mortgage indebtedness increases thru the age groups. In the first group, (under 25), only 12 % have unmortgaged farms; in the highest group, (over 64), the percentage is 67.

(c) *Co-operative Associations.*

Farmers' business and social organizations are fairly well represented in Montgomery County. There are three branches of the Grange and Farmers' Clubs in different districts, an annual Farmers' Convention, a County Fair Association which organizes the annual Fair. There are three co-operative associations which are more strictly business organizations.

(1) *The Tobacco Growers' Association.* This is an association of growers in Montgomery County and three adjoining counties. It encourages improved methods of production, honesty in packing, and careful grading of the product. Through improved methods of cultivation it has nearly doubled the production; and by gaining the confidence of buyers, it greatly increased the price obtained by members.

(2) *The Milk Producers' Association of Maryland, Virginia and District of Columbia.* This association represents some 20,000 dairymen, of which numbers two-fifths are owned in Montgomery County. Its object is to consist in promoting better legislation in the interests of the industry, in giving instruction in the best methods of handling the herds and marketing the milk.

(3) *The Sandy Spring Fruit Growers' Association.* The Sandy Spring district we have already noted as a neighborhood in which all forms of social and economic organization are relatively well developed. The Fruit Growers' Association is of recent formation, but is significant in that it is strictly a business association which intends to secure uniform prices for the fruit, open up and develop markets, and act as a co-operative sales agency. It was formed with twenty-six members owning some 100 trees.

In addition to these there is the Mutual Fire Insurance Company of Montgomery County, founded in 1848. On December 1st, 1911, the total amount of the risks in force amounted to \$16,250,000, the additional risks accepted during the year amounting to \$275,000.

#### § 4. RURAL CONDITIONS IN TENNESSEE.

The information relating to Gibson County, Tennessee, may be summarized under the headings already adopted for the other surveys.

*(a) Type and Size of Farms.*

Gibson County has never had large plantations. Cotton has always been, and still remains, by far the most important cash crop produced, its annual value being nearly five times that of any other crop, but it is grown on small farms where the whole family work together in the fields. Most of the work in the cotton fields is done by hand, eleven acres of cotton being considered an average crop for one man. The treatment of the land is improving and many acres, once exhausted, have been rendered productive again largely by the use of clover, and are once more yielding cotton. The county raises but little livestock and this fact makes the proper rotation of crops of great importance.

The variations in size of 402 farms surveyed is shown in Table V. The farms referred to are all operated by the owners.

TABLE V. — *Size of Farms: Gibson County, Tennessee.*

Area in Acres	Number of Farms	Per Cent of Total Number	Total Acreage	Per Cent of Total Area
20 or less . . . . .	29	7.2	440	1.3
21—40. . . . .	86	21.4	2,920	9.1
41—80. . . . .	148	36.8	8,977	27.9
81—160. . . . .	109	27.1	12,218	38.0
161—140. . . . .	23	5.7	4,499	14.0
Over 240. . . . .	7	1.8	3,095	9.7

The average area of these farms is 80 acres, which is considerably less than the average for either Maryland or New York. Any change affecting the size of farms, or the proportion of tenants to owners, would be reflected less slowly in West Tennessee than in the other districts surveyed, as there is less movement of the farm population. Out of 517 families, it was found that only 19, or 3.6 per cent, had moved in from outside of West Tennessee. Practically the whole population consists of native Southerners.

*(b) Forms of Tenure.*

In the county, 70 per cent of the farms are operated by their owners. There are three grades of tenant farmers, distinguished by the amount of dependence and responsibility enjoyed. The tenant of the lowest class is the "share-cropper," who has no capital and works with tools, horses and

seed provided by the landlord. The land is generally under the direct supervision of the owner, and the tenants are virtually hired men who are paid in produce instead of cash. Most of the croppers are negroes cultivating from 20 to 30 acres.

Above this class come the "share-tenants" or "renters" who own their own tools and horses, and pay to the landlord one-third of the corn and one-fourth of the cotton. The highest class is formed by the tenants who pay cash, and work the farms on their own responsibility. They pay an average rent throughout the county of about 4 dollars an acre. Table VI shows the percentage of white farmers and of negroes engaged in farming in each class.

TABLE VI — *Forms of Tenure: Gibson County, Tennessee.*

Class of Farmers	Per Cent of Total	
	White	Negro
Owners . . . . .	80.1	32.7
Cash-tenants . . . . .	7.3	12.7
Share-tenants . . . . .	5.6	20.1
Share-croppers . . . . .	5.6	32.1

The small percentage unaccounted for in each case is made up of hired labourers, of whom there were only 10 on the 571 farms surveyed.

The total amount of land owned by whites is 34,403 acres; by negroes 2,184 acres.

#### (c) *Farmers' Organizations.*

The farmers in the county, in common with the cotton growers throughout the whole of the producing area, feel the need for organization, without apparently, being able to find a form of association which will achieve a real success.

In the autumn of 1911, when the survey was made, the price offered for cotton was exceptionally low, a bale, which the year before had sold for \$75, selling for only \$45; and many of the farmers were holding their cotton in the hope of higher prices. Much of this cotton was lying in the open, exposed to rain and dust, inevitably deteriorating in quality. The Farmers' Union was organized primarily in the interests of cotton growers and at one time had a large number of local associations in Gibson County and owned two co-operative cotton-gins. The Union has since lost most

of its hold on the farmers, and of more than 30 local unions in existence a few years ago, 13 are now dissolved while one of the cotton-gins has been sold. The Union, however, is still socially and morally a force in the county.

Another large section of the farmers — the growers of tomatoes and small fruits — have met with discouraging results in their attempt to conduct a co-operative agency under the name of the Gibson County Fruit Growers' Association. In their case the difficulties encountered were the opposition of independent dealers and the disloyalty of the members.

(d) *The Rural Exodus.*

The investigators arrived at the conclusion that, in Gibson County the movement into the towns involves no excessive drain upon the country neighbourhoods. Only 47 farm owners, or 9.1 per cent of the total number, had left farms within the last ten years. Of these, 26 had gone into towns, while 21 had taken farms in other places, only four out of the 21 leaving the county. Out of the 26 who sought the towns, 10 left their farms on account of advancing years, while most of the others engaged in some form of trading. It is repeatedly noted in the survey that the number of stores, and the proportion of the population employed in them, is excessive. Most of those who move into the towns go into business, although there are already more retail traders than are necessary. The result is the inevitable failure of many who make the venture, and, what is more serious, a constant misdirection of ability and energy, with much economic loss in consequence.

That there is in the county no marked tendency to desert the farms for the towns is proved by a comparison between the number of persons engaged in the different occupations and the number of boys brought up on farms who enter these occupations. Out of the total population, 74.4 per cent are dependent upon agriculture; out of 200 farm boys it was found that 145, or 72.5 per cent had become farmers, and at the time of the survey, were between the ages of twenty and thirty, and had lived for at least ten years in the neighbourhood in which they were farming.

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A comparison of the reports of these surveys suggests some general points for consideration.

In the first place, it is evident that the making of a survey of any real value is a difficult and laborious undertaking, which can only be carried out well by persons with some scientific training for the work. The first results obtained even by the specialists in charge of the Cornell Agricultural College survey work, were discarded as unsatisfactory, and before good records could be obtained, enumerators had to be trained, although the work of enumeration would appear to be comparatively simple and easy. Emphasis is laid, too, on the importance of limiting the scope of a survey, and

concentrating attention on the problem of securing reliable results. Really trustworthy information on a few points is a valuable contribution to economic or social science; vague, carelessly collected information on a vast number of subjects is worse than valueless.

Again, it would obviously be a great advantage if the different institutions or private persons who, for one reason or another undertake survey work, were to confer with one another and decide upon certain leading principles to be observed in the work, or upon the classifications to be adopted. By this means the results obtained would admit of comparison and, when surveys were made in the same district by different people, each survey would serve to verify or check the results of the others. This is a consideration of importance at the present moment in the United States where a large number of widely different institutions and organizations, both public and private, are embarking on schemes for the betterment of country life. It is universally admitted that a careful survey is a necessary preliminary to any such scheme of constructive reform.

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## RUSSIA.

### GENERAL OUTLINE OF THE NEW RUSSIAN LAND REFORMS.

#### OFFICIAL SOURCES.

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## § 1. HISTORICAL INTRODUCTION

The great work of land reform in Russia was begun in 1906, but only recent years has it been developed in accordance with a clear conception of objects. In its origin it is connected with the memorable law of 1861 for the abolition of serfdom. The new land reforms are in fact the crown of the celebrated work of emancipation undertaken by Emperor Alexander II, adding to the *personal* emancipation obtained by the peasants at that date, the liberation of *real* estate, that is of soil. And therefore we cannot appreciate in its full extent the meaning of the new Russian land reforms, without a complete idea of the work of emancipation in 1861, its consequences and its defects. In want of space we must limit ourselves to as concise as possible an account of the first period, only dwelling on the facts of greatest importance most intimately connected with the origin of the new land laws, that may help us to an understanding of the following sections.

For greater clearness, let us begin at once by defining the limits of the subject and the subjects with which we shall deal in the following section.



Save for exceptions we shall expressly mention, we shall deal with all the classes of peasants existing in the sphere of application of the land reforms, that is, all Russia in Europe, except Poland, the three Baltic Provinces and Orenburg; altogether 47 Governments of Russia in Europe, to which is sometimes added the Government of Stavropol, which used to form part of the Caucasus and was only afterwards incorporated in Russia in Europe.

The peasants are divided into three chief classes, namely: those of the State lands, whom we shall call for brevity, *peasants of the domains*; the former serfs of private proprietors and country nobles, whom we shall call *feudal peasants*; lastly, the peasants dependent on the office for the administration of the landed estates of the Imperial family, for whom we have created the expression *Crown peasants*. To these classes we add those less important of colonists and cossacks, of which we shall only speak in a few exceptional cases.

The emancipation of the peasants of the Crown was realised in accordance with the Ukase of June 20th., 1858 and that of August 26th., 1859. The emancipation of the feudal peasants was proclaimed in the celebrated manifesto of February 19th., 1861, while *serfdom on the domains* was abolished by the Ukase of January 18th., 1861 (1).

Yet the rules governing the allotment of land and the conditions for its possession after emancipation by the Crown peasants, were only issued on June 26th., 1863, and those applicable to the case of the peasants of the domains only on November 24th., 1866; the corresponding law to meet the case of the feudal peasants was promulgated simultaneously with the issue of the manifesto of February 19th. 1861, in which their emancipation was proclaimed.

In virtue of these laws, the peasants only acquired the right to choose between the hereditary possession of certain lots of land—nearly corresponding with the farms the usufruct of which they had previously enjoyed—and the right to purchase, as we shall see hereafter, under definite conditions of payment, the lots necessary for their sustenance (2).

Together with the general laws, regulations were issued defining the size of the parcels, of which the peasants had thus acquired the right of possession (and eventually of purchase), as also of the amount of the annual instalments and the rent. The provisions in these regulations differed considerably according to the region and the class of peasants. A single gen-

(1) On that day the law was promulgated by virtue of which the peasants of the domains were subjected to the same legal provisions as the feudal peasants. The ukase contains the rules for the distribution of the land among the peasants of the domains was promulgated on January 28th., 1863, while the final law on the possession of land by the peasants was published on November 24th., 1866. See Khodsky: *Zemlia zemledielca* (The Soil and the Farmer). St. Petersburg, 1891. Vol. II, page. 179.

(2) The relation existing between the ancient land holders and their former serfs, as a result of the law on the abolition of serfdom, is similar to that of the "*Lassiten*" in Germany and that of the "*Arvefæste*" in Denmark.

the principle was common to all, namely: that the peasants should be granted an area of land nearly equal to that they had at their disposal at the date of their emancipation. It cannot be definitely said to what degree the object of the law was attained in the various regions.

The areas of the lots of land and the annuities to be paid on the same were calculated (except for the provinces of the North West and South-West, subject to a special régime) on the basis of the number of male inhabitants in the rural communes, without regard to age. The numbers of male inhabitants of the male sex was ascertained from the tenth census of 1858, where they appeared under the designation of *revizskaya doucha*". In communes where collective property still prevailed, there was assigned to each commune, as many *nadiels* (plots of land) (1) as there were males registered in it at the 1858 census.

The provisions in the regulations of 1861 regarding the area of the *nadels* have exercised a direct and very considerable influence on land re-adjustment in Russia. In 47 Governments the total area is about 4,400,000 sq. kms., of which, however, almost one half is represented by State forests in the north and north east regions. Out of about 20,000,000 sq. kms., formerly belonging exclusively to the State, the Church or landed proprietors, 1,300,000 sq. kms. were assigned to the various classes of peasants amongst whom they are distributed as follows:

TABLE I. — Distribution of "Nadel" Land:

Class of Peasants	Number of Communes	Male Population (2)	Deciatines (1.09 ha.)
Nadel Peasants . . . . .	95,475	10,059,200	33,755,759
Peasants of the Domains . . . . .	36,723	9,643,606	57,130,141
Own Peasants . . . . .	5,527	900,486	4,333,261
Other Peasants . . . . .	5,900	1,801,777	21,635,694
Total . . . . .	139,625	22,396,069	116,854,855

In this way, about 70,000,000 *deciatines* remained to the nobles and private individuals. Later on, also a considerable part of these was sold to peasants independently of the law on the abolition of serfdom, so that in

(1) The term *nadel* does not properly speaking signify lot, (*délie*), but may be derived from verb *déliu* (distribute), whence likewise, comes the *partidiel*, that is the new distribution of communal land periodically by the rural communes among the peasant families. These *new distributions* do not correspond with the institution called in Germany *Spezialteilung* or *topfteilung*, *Udsigtning* in Denmark; *remembrement* in France). That institution is called in Russia *zemlevostroïstvo* (land organization) and forms the principal object of this study.

(2) *Revizskia douchi* in 1858.

1905 the landed property of the nobles was no more than 50,000,000 deciatines.

If we calculate exactly the area of the peasants' land in the 47 Governments we are particularly considering, and compare it with the total area possessed by them in 1877 and 1905, we get the following results:

TABLE II. — *Area of Peasants' Land in Russia in Europe*

Years	(Deciatines) Excluding the three Baltic Provinces and Orenburg and including the Province of Stavropol (1886).		Including the three Baltic Provinces and Orenburg and excluding the Province of Stavropol (1886).	
	Nadial	Land Bought by Peasants (1)	Nadial	Land Bought by Peasants (1)
1877 . . .	106,224,205	3,779,492	111,628,506	3,785,311
1905 . . .	118,156,870	16,390,695	123,182,810	16,810,171

In 1905 this land was divided among 12,000,000 families of peasants which gives an average of about 10 deciatines for the *nadial* belonging to a farm. The average for all the land held by peasants is about 12 deciatines.

But the areas of the peasants' lots vary considerably in the different regions; the smallest are met with in South West and Little Russia where the *nadial* lots are only from 4 to 7 deciatines per farm; they are largest in the East, where they sometimes exceed 20 deciatines in area. There is generally to be observed a gradual increase in the area of the *nadial* lots as we pass from the South to the North and East.

By far the great majority of the *nadial* land, or about 84 % is subject to the regime of collective possession by the *mir*, while only 16 % is held individually. In the case of the *mir*, the peasant's individual possession is limited to the area of the habitation, the rest belonging to the commune. But in the other case each individual peasant possesses definite parcels of land for cultivation, and he has also the permanent possession of forest and meadow lots. From the point of view of the law, the very complicated conditions for possession and ownership by the peasants belonging to the *mir* might as a general rule be summarised as follows: up to the publication of the laws of 1881-1886, the rural communes were dependent on the large land owners or the State and every peasant belonging to the *mir* was, as it were, an hereditary tenant farmer in his commune; since 1886 the rural communes have been obliged to purchase the land and have become proprietors of the *nadial* land; the peasants have acquired (by distribution of the *nadial* land belonging to the *mir*) the hereditary ownership of separate parcels of varying size.

(1) The purchase of lots of more than 100 deciatines is considered as made by peasants not of the peasant class. For this reason we do not take account of such lots here.

In return for the *nadel* received the peasants had to pay annuities (*rok*) generally in proportion to the area of their lots. Yet the practical effect of the various provisions in regard to the annuities was affected by the fact that it was possible for them to liberate themselves once for all by not having to pay these annuities (which in the case of the holdings of the former serfs of the large landowners varied on an average between 1 and 3 roubles per deciatine), by a single payment of an amount corresponding to 16  $\frac{2}{3}$  annuities. The peasant, after that, became proprietor of the land. In other words, the peasants could purchase from the proprietor of the land, with his consent, the land allotted to them at a price which, while subject to considerable variations according to the various regions and the nature of the payments (*obrok*), was generally between 17 and 50 roubles the deciatine, or between 45 and 130 frs. the hectare. These purchases, which liberated the peasant to pass from the condition of a tenant to that of a proprietor, even if conditionally to the consent of the landowner concerned, were, on the other hand, favoured by the fact that, by the law for the abolition of serfdom, the State granted the peasants loans up to 75 and 80 % of the purchase price of the land. Generally, in case of purchase of land by the peasants, the amount advanced as a loan by the State was paid to the landowner. The remaining 20 or 25 % of the purchase price was paid directly by the peasants in instalments. Yet when the request for purchase was granted from the landowner, he lost the right to that part of the purchase price (20 or 25 %) to be paid directly by the peasants. As is natural, the peasants had in every case to pay their debt to the State; this payment was made in 49 annual instalments (interest and sinking fund) at the rate of 6 % ann. on the amount of the capital paid to the landowner for the purchase. As we have said above, this purchase became compulsory after the laws of 1881-1886.

The total amount of the instalments to be paid to the State by the chief classes of peasants (former serfs of the domains, of the Crown and the large landowners) was about 100,000,000 roubles. If we add the amount to be paid for the remaining fifth of the purchase price of the land, taking in mind what has been said above about the conditions of payment, we see that the lots, which altogether represent an area of 100,000,000 acres (that is about three times the area of arable land in Germany thirty five times that in Denmark), were sold for 2,000,000,000 roubles, or at the average rate of 50 fr. the hectare.

According to the laws of the years 1861-66, the members of the rural communes (*mir*) were responsible collectively for the payment of the various instalments.

In this way, the peasants liberated from serfdom became in fact dependent on the *mir*. This dependence was further increased by the authority conferred on the *mir* as a public organization, together with other laws. Another step in this direction was accomplished by a law of 1886, the object of which was to prevent the excessive subdivision of the soil by the dividing of the lots among the peasant families to a constantly greater extent, and also by two laws of 1893. The first of these (of

8th./20th. June) provided that lots belonging to any of the peasants of the *mir* could *only* be modified by means of the general readjustments which took place from time to time. Yet even these readjustments could not be made at intervals of twelve years. The second law (of 14th./26th. December) limited the right of the *mir* to sell the *nadial* and abrogated the important § 165 of the law of 1861 by which the peasant acquired from the State the right of full ownership of the parcel allotted to him when he had on for all paid the capitalised value of the annuities due to the former proprietor, for which the members of the *mir* were collectively responsible.

Afterwards it was seen that, by these provisions, the *mir* had been virtually transformed into an institution of permanent character; while, on the other hand, in the first law, it was probably intended to terminate the right of tutelage exercised by the rural commune over the peasants when they had entirely paid off their debt to the State, that is, within the maximum term of 49 years. In conformity with this intention, the important law of March 12th., 1905 was promulgated, abrogating the collective liability of the members of the *mir* for the annuities not paid. In this way the road was opened for the complete independence of the peasants of the *mir*. Another step in this direction was taken in the Imperial manifesto of November 3rd./16th., 1905. By this manifesto the State renounced its right not only to all future annual instalments, but also to the arrears due on the *nadial* since 1861, 1886 and 1883, in conformity with the conditions for purchase of the same. In other words, the Russian State from January 1st, 1907, renounced all its rights to the amounts which in successive years should have been paid to it by the peasants for the purchase of their lots; the State thus renouncing its right to payment these annuities has liberated all three classes of peasants from a debt the capitalised value of which at that moment exceeded 1,500,000,000 roubles or 4,000,000,000 frs.

The attentive reader will have observed that this amount is much less than that given at the beginning of this article as the capitalised value of the annuities due from the peasants for purchase of the new land, at the moment of their emancipation. It is natural, therefore, to enquire how, in spite of the annuities paid during a long series of years (especially after the years 1861-63, 1866 and 1886), this debt had hardly decreased at all.

This singular condition of things is to be explained by the fact that, in consequence of continual delays of payment, the annuities in arrear were added to the principal due, and, as a general rule, the interest to be paid was calculated on the total thus obtained. We must further remember that of the annuities corresponding to about 6 % of the capitalised debt, about  $\frac{1}{2}$  or  $\frac{3}{4}$  %, or on an average a tenth part of the annuities themselves, had to serve for the sinking fund. In this way it sufficed to pay only  $\frac{1}{10}$  th. or  $\frac{1}{100}$  th. of the total annuities to be delayed, in other words that no sinking fund payment should be made, the part of the annuity paid only serving for interest on capital. On the other hand, the Russian Government under various circumstances and by various laws, on which we need not dwell, had already exempted the peasants from payment of arrears.

had granted delays of payment without asking interest. The peasants' debt on January 1st., 1906, according to the official data supplied by the General Management of Agriculture in a publication entitled *Selski Kredit Rossi* (*Rural Credit in Russia*) (1), is shown in the following table, where account is taken of the credits and debits of the various classes of peasants:

TABLE III — *Total Debt of the Peasants in 1906 to the State on Nadial Land, in accordance with the Conditions of Purchase of the Years 1866 and 1886 in millions of Roubles).*

Debt and Payments towards its Extinction	Classes of Peasants			Total
	Peasants of the Domains	Former Serfs of Private Landowners	Peasants of the Crown	
Total Mortgage Credit of the State on January 1st., 1906 Capitalised. . . .	1,060.09	899.72	51.23	2,011.04
From this account deduct:				
1. General Payments towards Extinction of Debt . . . . .	1.26	5.41	0.50	7.17
2. Special Payments . . . . .	7.99	25.15	1.74	33.88
3. Payments for Extinction of Debt in Terms of the Laws of December 28th., 1881 and February 21st. 1884. . . . .	0.00	184.88	0.00	184.88
4. Arrears of Instalments Remitted . . . . .	33.64	23.16	2.43	59.23
5. Arrears of Debt Remitted . . . . .	61.47	9.67	0.27	71.41
6. Other Amounts Cancelled . . . . .	11.65	6.78	0.32	23.75
Total Deductions . . . . .	121.01	254.05	5.26	380.32
Balance of Debt in 1906 . . . . .	939.08	645.67	45.97	1,630.72

This debt, enormous in itself, if not so in proportion to the number of debtors, was remitted to the peasants; so that if we can speak of concessions of millions made to the peasants in other States, here we must speak of thousands of millions. This fact alone will show that modern Russia seriously entered on a course of land reform with the firm intention of radically improving the condition of the peasants.

Yet the previous reforms, as also the later legislative provisions connected with them, had for their main object, as we have seen, only the regulation of the legal relations between the communes and peasants on the one hand and the former landowners and the State on the other. But all

1) "*Rural Credit in Russia*", published by the General Management of Agriculture, St. Petersburg, 1910. p. 25.

that concerns the regulation of the possession of the soil and the conditions of farming within the commune, as also the development of the entire economic life of the peasants was entirely entrusted to the *mir*. The economic dependence of the peasant on the community became more marked as a result of the rapid increase of the population (1) and especially through want of a reasonable system of readjustment of the peasants' farms, and a suitable law on inheritance, very soon became insupportable. In view of the ignorance prevailing among the peasants the *mir* hardly ever concerned itself with the technical side of agriculture; it strictly followed the principle of justice, in accordance with which lots of land should be assigned, if possible of equal value, to each member of the commune, that is to each family, according to the number of adults composing it.

The area of the Russian rural communes is generally very extensive and includes several villages, each of which in its turn includes hundreds in the Eastern provinces even thousands, of farms. When we consider that the peasants' lots are not too small, as is generally stated, in comparison with those in Western Europe, but on the contrary, are rather large, (averaging, that is, 12 ha. of *nadel* land) we see that the land belonging to a commune must cover a very considerable area.

The *mir* to make up for the inequality of conditions due to the diversity of the soil in areas of such extent, allots to each family parcels of every kind of soil in every position, (that is relatively to the distance from the village, from streams of water etc). To this system of distribution it is due that in Russia there is hardly a village where the land belonging to a family of peasants does not consist of at least twenty fractions; in many villages the land of one family is composed of 50, 80 and even 100 pieces. The lots on the confines of the communal territory are sometimes five, ten or fifteen kilometres from the farmhouse; the distance is even greater in communes in which the *nadel* land of various villages is not kept separate. In a large part of the land, owing to the imperfect means of communication (it being difficult to open roads in these circumstances) is insufficiently cultivated. Particularly the transport of manure, in itself not abundant to these distant parcels, ceases to be economically profitable. Another evil consequence of this system of distribution is the «*Flurawang*» or the interchange of farm land and the collective enjoyment of meadows, compelling the peasants to do all their ploughing and reaping at the same time, as used to be the case of old in northern and western Europe.

These drawbacks are better shown in the plan we here reproduce of a Russian village than they could be by any description.

Under these circumstances it is no matter for surprise if the yield from the Russian farms, even in the much boasted region called the "black land," is generally less than from farms in other parts of Europe. This is especially due to the fact that the Russian peasants' lots do not receive the necessary attention to enable them to support the changes of weather

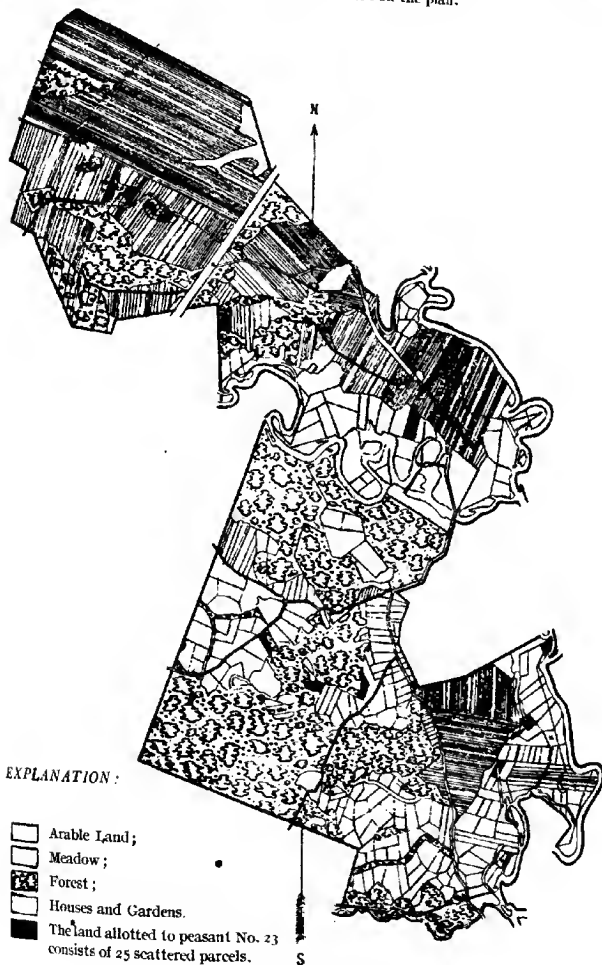
(1) The Russian Rural population doubled itself between 1858 and 1905.

# Plan of the village of Bubnowka

*in the Government of Minsk, before Survey and Restriping.*

The area of the village, in which there are 24 families ("households"), is 1,003 ha. (920.6 deiatines), of very various character, as is seen in the Plan.

The *nadiel* land allotted to each peasant is subdivided in such a way that a single peasant has pieces of land in 25 different places, marked in black on the plan.







severe droughts etc. In this way in many of the Russian Governments the harvests often completely fail and the Russian peasants suffer more often and more severely from famine than those of the other regions of East-Europe.

This unhappy condition of the Russian peasants is attributed by many on the subject to the small area of the land they possess and the excessive taxes by which they are burdened. But it is due, in the ultimate analysis, essentially to the enormous subdivision and to the fields not being separate as is generally the case, (except in the North West), both in regions in which the regime of small individual property prevails (16 % in 1906) and in communes of collective ownership.

The governing classes of Russia began to take account of these conditions at the beginning of the twentieth century. However, either for fear of rebellion of the peasants, or in consequence of the disorders following the war with Japan and the confusion of the public mind by various agitations, the Government did not dare to apply a radical remedy to the evils which were the cause of all the sufferings of the farming class. It at first tried itself, as has been said above, to reducing the charges and preparing the way we shall examine below for increasing the landed property of the peasants. It was only the law of May 29th., 1911 (coming into force on October 19th.) that finally enjoined the restriping of the peasants' farms as the chief object of the land reforms.

## § 2. THE LAND COMMISSIONS AND THE NEW LAWS ON LAND REFORM.

In the year 1902, the "*High Commission for the Study of the Requirements of Agriculture*" was instituted by order of the Supreme Government. During many years this Commission was occupied in collecting various material for an understanding of the conditions of the peasants. It selected men competent in the subject and the representatives of the various administrations. The studies and recommendations of this Commission served as a basis for the Ukase of March 4th./17th., 1906, which created the *Commissions for Land Readjustment*. These are subdivided into *Provincial Commissions*, the sphere of action of which includes the entire territory of a particular Government and which are in their turn subdivided into *District Commissions* (1).

The constitution of these Commissions, originally regulated by the law of March 4th./17th. 1906, was later somewhat amended by law of 29th./June 11th. of 1911. According to this law, the *Local Commissions* are now composed of the marshal of the nobility of the district (President), president of the district zemstvo delegation, a permanent member (appointed by the Minister of Agriculture), a district judge, a cantonal chief

1) The 50 Governments of Russia in Europe are subdivided into 500 districts. The districts are in their turn subdivided into *volosts*, composed of various communes.

(the *zemski natchalnik* of the *volost* concerned in the reorganization), of two delegates of the district zemstvo and three delegates of the district *volost* and, in addition, of a temporary member, a delegate of the *volost* concerned (1).

These commissions are charged to study *on the spot* the system of cultivation, the distribution of the land and the conditions of ownership so as to be able to assist the peasants in carrying out the reforms. A large technical staff (surveyors, agricultural and hydraulic engineers etc.) placed for the purpose at the disposal of the Commissions.

On the 1st. of January, 1911, 431 local commissions were already working in 46 of the 50 Governments of European Russia. As we know there is no need of the work of the land commissions for the three Baltic Provinces, there was, therefore, only one Government, that of Olonets where 15 land commissions had still to be instituted in the course of 1911 (2). On January 1st., 1912, 452 local commissions were working in the 47 Governments, in which the new law was applied.

The *Provincial Commissions* form a kind of court of second instance for the local commissions, the work of which they have to direct and supervise according to a uniform plan. They have besides to decide, if possible on uniform principles, doubtful cases as they present themselves. The provincial commissions are composed of: the Governor as president; the marshal of the nobility of the province, the president of the provincial Zemstvo, the president of the district court, a judge of the same court, a permanent member appointed by the Minister of Agriculture, permanent provincial councillor, who is at the same time adviser in matters concerning peasant property, the provincial surveyor and two delegates of the provincial zemstvo, one of whom must be chosen among the peasants of the district concerned.

The Provincial Commissions, in their turn, depend on the *Agricultural Committee*, which forms, so to say, a court of final appeal, with headquarters at St. Petersburg at the office of the "General Management of Agricultural Organization and Agriculture", founded by Ukase of May 6th., 1907. The Provincial Councils are obliged to forward to this Committee, every year, not later than March 1st., a report on the work executed in the course of the year. In the following account of the land reforms carried out or to be carried out, we shall avail ourselves principally of the official reports of these commissions, the information in which may be considered as in their hand.

Before these land reform commissions began to work, it was necessary to define their functions and their sphere of action, especially in

(1) The provisions for the formation of the land commissions are now codified in §2 of the law of May 29th., 1911, a translation of which into French will be found in the *Annuaire International de Législation Agricole*, published by the International Institute of Agriculture, Paris, Year, 1911.

(2) *Labours of the Land Commissions 1907-10*. Publication of the General Management of Agriculture. St. Petersburg, 1910. pp. 20-21 b. *Idem*, 1907-1911 St. Petersburg, 1912.

der to fix the limits of the powers that might be entrusted to them in regard to the abolition of the ancient rural commune, the *mir*, and the conversion of the *nadel* land into small individual holdings (1). The law of March 4th./17th., 1906, in its preliminary provisions, defined the two principal objects of the Land Commissions, as follows: "With the purpose of facilitating the work of the Peasants' Land Bank, entrusted to it by our manifesto of November 3rd./16th., 1905, of assisting the peasants who intend to make purchase of land, we have judged it advisable to institute special provincial and district land commissions."

These commissions must in the second place help the peasants to abandon a system of working the soil opposed to the requirements of scientific agriculture, the consequence of the cultivation of collective land property; "and especially to put an end to the extreme division of the peasants' land and the splitting up of this into very long and narrow strips."

As we see here the increase of the agricultural land (at the expense of State and Crown lands etc.) is placed in the first line, in accordance with the general desire of the various parties. To the general demand that the "peasant might be first of all more largely supplied with land", the Government could make no objection, the rather as it is only recently, as we have said above, that people have begun to see the real cause of the miserable condition of the Russian peasants.

Thus the thorny question of the suppression of the collective ownership of the communal land, was not touched upon in the general instructions. The story of these preliminary labours suggests that (similarly to what occurred in Denmark in connection with the work preceding the promulgation of the law of April 23rd., 1781 on the same subject (2), it was intended to begin with a redistribution of the lots from the purely technical point of view. The reason for this is clear, as such a redistribution was in agreement with the measures, as to the advisability of which all competent persons were at one (as had been the case also in Denmark) and its execution could not injure the legitimate interests of anyone, provided the land commissions were in a position to settle eventual controversies quickly and in a practical manner. On the other hand, no one intended or expected to attack the *mir*, which forms the basis of collective property.

Yet soon after the dissolution of the first Duma, the celebrated Imperial Ukase of November 9th./22nd., 1906 was promulgated making provision for the new land reforms. We give here its most important details:

(1) Every peasant has the right to leave the community and to receive as his personal property the portion due to him of the collective land.

(1) Labours of the Land Commissions. St. Petersburg 1909.

(2) This was the first European law that led to a complete land reform, as a single generation effected for a new and definite organization of the land of the Danish peasants, so that the landed property of each family might consist at most of two or three lots, and for the complete execution of the work of decentralisation of the farms.

The commune, on its side, has the right to demand that the lots that become private property be separated from the communal land.

(2) In communes in which in the course of the last 24 years there has been no general redistribution of communal lands, to each peasant who leaves the agricultural community there shall be allotted as his private property a portion of land equal in area to that of which he previously had use; without, however, the peasant having to enter into any engagement.

(3) When, however, in the course of the last 24 years, redistributions have been made, and, in accordance with the new general redistribution, the peasant is only entitled to a portion of land less than that allotted to him in the previous distribution, he must restore to the commune the area he has received in excess or pay an equivalent sum for it.

(4) Any commune may by a vote of  $\frac{2}{3}$  of its members, entitled to vote, demand a complete readjustment and restriping of the communal land, even when this has already been allotted to the peasants as private property (1).

This last provision only gives greater extension to the powers assigned the Land Commissions by the Ukase of March 7th./14th. 1906. The commissions already began to work, in accordance with §§ 62 and 66 of the law of 1861 on the abolition of serfdom, for the accomplishment of the complete readjustment and restriping of the communal lands, where collective ownership prevailed (2). The legality of restriping in the communes where private ownership existed was, however, still doubtful, but the doubt was removed by the law of November 9th./22nd. in favour of a general restriping (3).

But the tenor and principal object of this law are clearly shown by the provisions (4) in paragraph 1, the effect of which would evidently have been fatal for the institute of the *mir* and the collective ownership of soil, if the rural communes and peasants had hastened to apply them.

But meanwhile the second Duma was summoned and constituted (Spring, 1907) and the Ukase of 1906, especially in respect to the provisions we have just mentioned, tending to the abolition of the *mir*, was the object of the most violent attacks on the part of the groups, of the extreme right, the extreme left, the ultra conservatives and the *trudoviki* (labourists) who united resolutely to maintain the collective ownership of the land and the *mir*.

The Government, however, was able to plead the fact that, by the law of 1861 abolishing serfdom, the peasants had already the right to have their lots of land as private property when the payment of the instalment

(1) Last paragraph of the last section of the Ukase of November 9th./22nd., 1906.

(2) See above.

(3) With exception, however, for lands belonging to the State and public institutions. Inclusion of these in the plan of restriping was only authorized later by law of May 29th., 1906.

(4) These provisions had, besides, already appeared in the regulations (*nakaz*) of the Land Commissions of September 19th., 1906.

the purchase were completed. But, as we have seen, by the manifesto of November 3rd./16th., 1905 they were entirely relieved from payment of these annuities. Consequently, it was said, the Ukase of November 9th./14th., 1906 had only restored to the peasants a right that had been limited by the Ukase of December 14th./26th., 1893 (1).

However that might be, the Ukase of November 9th./22nd., 1906, so fully combated, was not slow in producing important consequences, especially in regard to the abolition of the *mir*. On January 1st./14th., 1912, in virtue of this law no less than 1,800,000 peasants' families had obtained individual possession of 11,000,000,000 deciatines of land. On the other hand, this change from collective to individual ownership was often nothing more than a legal act, hardly demanding any special preparation, since very frequently it was nothing more than a formal confirmation of a state of things already existing *de facto*.

Yet, while this was going on, the disputes as to the legal validity of the Ukase in question continued and were protracted for some years, so that the question was even raised whether the measures taken in accordance with the law should be recognised as legal, since the law had not been sanctioned by the Duma. The matter was only settled in July, 1910, by decision of the third Duma, approving the law with some slight modifications.

The most important amendment introduced by the Duma was the provision by which the parcels occupied by peasants in all communes in which since the date of the liberation of the serfs (1861-1866) no general distribution of the communal lands had been made, were to become the private property of these peasants. In accordance with this provision, on January 1st., 1912, the land of 2,936 rural communes, of a total area of 580,000 deciatines (2), had become private property.

Still the fundamental intention of the Ukase of November 9th./22nd., 1906, as also of the law of July 14th., 1910, is the legal and political abolition of the *mir*. This object of the law was quite distinct from that of agricultural reforms of technical character properly called (reorganization and restriping of agricultural holdings) (3).

If, notwithstanding this, the Ukase of November 9th./22nd., 1906 has, from its principal object, also given the first impulse to a vast work of reorganization, the favourable results of which we shall exhibit hereafter, this is due principally to the fact that, at the moment of its promulgation, those competent and active bodies, the land commissions, were already at work. They have always devoted their greatest attention

1) See Introduction.

2) This amount is included in that given above for the total number of holdings that had been converted into individual property (11,000,000,000 deciatines) up to January 1st., 1912.

3) It is well to observe in this connection that the Ukase of November 9th./22nd., 1906 was not prepared and published by the Agricultural Department, but by the Home Office, and that the Office that must provide for its execution, as also for the observance of the Law of July 14th./27th., 1910.

to those objects which in the Ukase of March 4th./17th., 1906 and that of November 9th./22nd., of the same year were treated as of second importance.

It is, however, very easy to understand that the transformation of *nadial* land into private property had to be accompanied with the scientific redistribution and rounding off of the holdings assigned to the peasants. Meanwhile it is clear that almost a necessary condition for the realization of this new organization was that the new legal form of possession (individual ownership) should be really useful to the development of the economy in Russia.

Let us add that up to the last moment when the Commissions began to work to carry out the new land reforms they found themselves confronted with the problems of which we have spoken at the beginning of this section and the enormous technical difficulties connected with them. To form an idea of these difficulties it will be enough to consider that the work of surveying, valuation and distribution, for the *nadial* farms alone (which, it is true, form the majority of the peasants' farms), has to be done for an area equal to that of the cultivated land of Germany, France and England together. It is true that the same unfavourable conditions which we have spoken above, due to an excessive subdivision of the land, are not met with in all the governments; but there was not a government, however, in which the work of restriping was not necessary.

Only on May 29th, 1911 did the Duma approve and publish the law which, in contrast to the Ukase of November 9th./22nd., 1906, places restriping of agricultural land in the first rank of the new reforms and regulates it in all its details. The law at the same time permits the extension of the work of restriping to farms or parcels of land already the private property of third persons. This latest codification and amendment of all previous decrees is only in one point less radical than the law of November 9th./22nd., 1906, in that in §42 it permits a *minority* of peasants to maintain the collective ownership of their lands and the institution of the *mir*.

Even before this law on agricultural reorganization properly so called (which only came into force on October 15th./28th., 1911) was applied, the land commissions, in accordance with the Ukase of March 4th./12th., 1906, and that of November 9th./22nd., 1906, had already obtained surprising results. With these we shall deal in our next section.

(To be continued).







